



April 9, 2010

Koninklijke KPN N.V.

(Incorporated in The Netherlands as a public limited company with its corporate seat in the Hague)

Global Medium Term Note Programme

Under this Global Medium Term Note Programme (the '**Programme**') Koninklijke KPN N.V. (the '**Issuer**', which expression shall include any Substituted Debtor (as defined in Condition 17), the '**Company**' or '**KPN**') may from time to time issue notes (the '**Notes**', which expression shall include Senior Notes and Subordinated Notes (each as defined below)) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Notes may be issued in bearer or registered form (respectively '**Bearer Notes**' and '**Registered Notes**'). Subject as set out herein, the Notes will not be subject to any maximum maturity but will have, in the case of Senior Notes, a minimum maturity of one month.

The Notes will be issued on a continuing basis to one or more of the Dealers specified herein and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a '**Dealer**' and together the '**Dealers**'). The Dealer or Dealers with whom the Issuer agrees or proposes to agree on the issue of any Notes is or are referred to as the '**relevant Dealer**' in respect of those Notes.

Application has been made to Euronext Amsterdam N.V. for Notes issued under the Programme up to the expiry of 12 months from the date of this Prospectus to be admitted to trading on Euronext Amsterdam by NYSE Euronext ('**Euronext Amsterdam**').

References in this Programme to Notes being '**listed**' (and all related references) shall mean that such Notes have been admitted to trading and listing on Euronext Amsterdam. Euronext Amsterdam is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive). In addition, Notes issued under the Programme may be listed or admitted to trading, as the case may be, on any other stock exchange or market specified in the applicable Final Terms. Application may also be made to have certain Series of Notes accepted for trading in the Private Offerings, Resales and Trading through Automated Linkages System ('**PORTAL**') of the National Association of Securities Dealers, Inc. The Issuer may also issue unlisted Notes.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the '**Securities Act**') or any U.S. state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. See '*Form of the Notes*' for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see '*Subscription and Sale and Transfer and Selling Restrictions*'.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplementary Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

This Prospectus is issued in replacement of an earlier prospectus dated April 9, 2009.

Arranger

The Royal Bank of Scotland

Dealers

BofA Merrill Lynch

BNP PARIBAS

Credit Suisse

Fortis Bank Nederland

J.P. Morgan

The Royal Bank of Scotland

Barclays Capital

Citi

Deutsche Bank

ING Commercial Banking

Rabobank International

UniCredit Bank

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the '**Prospectus Directive**').

U.S. INFORMATION

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations (see '*Subscription and Sale and Transfer and Selling Restrictions*'). Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the regulations promulgated thereunder.

This Prospectus is being submitted on a confidential basis in the United States to a limited number of QIBs and Institutional Accredited Investors (each as defined under '*Form of the Notes*') for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised.

Registered Notes may be offered or sold within the United States only to QIBs or to Institutional Accredited Investors, in either case in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A under the Securities Act ('**Rule 144A**').

Purchasers of Definitive IAI Registered Notes (as defined under '*Form of the Notes*') will be required to execute and deliver an IAI Investment Letter (as defined under '*Terms and Conditions of the Notes*'). Each purchaser or holder of Definitive IAI Registered Notes, Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together '**Legended Notes**') will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in '*Subscription and Sale and Transfer and Selling Restrictions*'. Unless otherwise stated, terms used in this paragraph have the meanings given to them in '*Form of the Notes*'.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are 'restricted securities' within the meaning of the Securities Act, the Issuer has undertaken in an Amended and Restated Agency Agreement dated April 9, 2010 (the '**Agency Agreement**') to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as 'restricted securities' within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or

15(d) of the U.S. Securities Exchange Act of 1934, as amended (the '**Exchange Act**') nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

The risks and uncertainties referred to above include:

- the Issuer's ability to achieve and manage the growth of its business;
- the performance of the markets in The Netherlands and the wider region in which the Issuer operates;
- the Issuer's ability to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake;
- the Issuer's ability to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects; and
- changes in political, social, legal or economic conditions in the markets in which the Issuer and its customers operate.

Any forward looking statements contained in this Offering Circular speak only as at the date of this Offering Circular. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Offering Circular any updates or revisions to any forward looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward looking statement is based.

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To the extent that the provisions of Directive 2003/6/EC of the European Parliament and of the Council (the ‘**Market Abuse Directive**’) are required to be observed, in connection with the issue of any Tranche of Notes, the Dealer or Dealers named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any such stabilisation action may begin on or after the date on which adequate public disclosure of the final terms (in the case of Notes convertible or exchangeable into shares or into other securities equivalent to shares) or terms (in all other cases) of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

To the extent that the provisions of the Market Abuse Directive are not required to be observed in connection with the issue of any Tranche of Notes, then in connection with the issue and distribution of any Tranche of Notes, the Dealer or Dealers named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there may be no obligation on the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all relevant laws and regulations. If so required by applicable law or regulation, stabilising will in any event be brought to an end within 30 days after the Closing Date applicable to such Notes.

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Prospectus and any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability attaches to the Issuer in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in a Member State of the European Economic Area (an ‘EEA State’), the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Words and expressions defined in ‘*Form of the Notes*’ and ‘*Terms and Conditions of the Notes*’ below shall have the same meanings in this summary.

Issuer: Koninklijke KPN N.V.

History and development of the Issuer

The Issuer was incorporated under the laws of The Netherlands as a public limited liability company on January 1, 1989. On June 28, 1998 its name was changed from Koninklijke PTT Nederland N.V. to Koninklijke KPN N.V. The Issuer has its corporate seat in The Hague, The Netherlands. It is registered under number 02045200 at the Commercial Register of the Chamber of Commerce, The Hague, The Netherlands, and its executive offices are located at Maanplein 55, 2516 CK The Hague, The Netherlands.

The Issuer was incorporated with two main subsidiaries: PTT Telecom B.V., offering telecommunication services, and PTT Post B.V., serving as the primary postal company in The Netherlands. In the period from incorporation until the listing of its shares on Euronext Amsterdam in June 1994, the State of The Netherlands was its sole shareholder. On June 29, 1998, PTT Post B.V. was split-off from the Issuer. At the end of 2004, the State held 20.69 per cent. of the Issuer’s outstanding shares. At the end of 2006, the State held no interest in the Issuer’s outstanding shares (2005: 7.76%).

Capital Group International, Inc., and Capital Research and Management Company have notified The Dutch Authority for Financial Markets (*Autoriteit Financiële Markten*, the ‘AFM’) that they held 4.97% (June 27, 2007) and 9.79% (May 12, 2009) respectively of the ordinary shares of KPN. Capital Research and Management Company notified the AFM on January 1, 2010, that they held 10.68% in KPN’s ordinary shares. BlackRock, Inc. notified the AFM on February 5, 2010, that they held 5.05% in KPN’s ordinary shares. To KPN’s knowledge, no other shareholder owned 5% or more of its outstanding shares as at December 31, 2009.

Business overview

The Issuer is the leading telecommunications and Information and Communication Technology (‘ICT’) service provider in The Netherlands, offering wireline and wireless telephony, internet and TV to consumers, end-to-end telecommunications and ICT services to business customers. KPN’s

subsidiary Getronics operates a global ICT services company with a strong position in the Benelux, offering end-to-end solutions in infrastructure and network-related IT. In Germany and Belgium, KPN pursues a multi-brand strategy in its mobile operations and holds number three market positions through E-Plus and BASE. KPN provides wholesale network services to third parties and operates an efficient IP-based infrastructure with global scale in international wholesale through iBasis.

New Issuer:	The Programme Agreement provides that, upon satisfaction of certain conditions precedent, a further issuer, being a subsidiary of the Issuer, may be joined as an issuer under the Programme. In such event, a new prospectus giving details of such new issuer will be prepared.
Description:	Global Medium Term Note Programme.
Arranger:	The Royal Bank of Scotland plc
Dealers:	Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch Fortis Bank (Nederland) N.V. ING Bank N.V. J.P. Morgan Securities Ltd. Merrill Lynch International The Royal Bank of Scotland plc UniCredit Bank AG
Issuing and Principal Paying Agent:	Citibank, N.A., London Branch
Registrar, Exchange Agent and Transfer Agent:	Citibank, N.A., London Branch
Size:	The Programme amount is unlimited.
Distribution:	Notes may be distributed by way of private or public placement and in each

case on a syndicated or non-syndicated basis.

Currencies: Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer, including, without limitation, Australian dollars, Canadian dollars, Danish kroner, euro, Hong Kong dollars, Japanese yen, New Zealand dollars, Sterling, Swedish kronor, Swiss francs and United States dollars.

Certain restrictions: Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see '*Subscription and Sale and Transfer and Selling Restrictions*') including the following restrictions applicable at the date of this Prospectus.

Notes having a maturity of less than one year

Notes having a maturity of less than one (1) year will, if the proceeds of their issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a redemption value of at least £100,000 or its equivalent, see '*Subscription and Sale and Transfer and Selling Restrictions*'.

Redenomination: The applicable Final Terms may provide that Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 4.

Maturities: Any maturity, subject to applicable laws, regulations and restrictions and subject, in the case of Senior Notes, to a minimum maturity of one month.

Issue Price: Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Form of Notes: The Notes will be issued in bearer or registered form as described in '*Form of the Notes*'. Registered Notes will not be exchangeable for Bearer Notes and vice versa.

Bearer Notes having a maturity of more than one year will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or (ii) the Notes are issued other than in compliance with the TEFRA D Rules or the TEFRA C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under TEFRA, which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Fixed Rate Notes: Fixed interest will be payable on the date or dates specified in the applicable Final Terms and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Floating Rate Notes: Floating Rate Notes will bear interest either at a rate determined on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms).

The Margin (if any) relating to such floating rate will be specified in the applicable Final Terms.

Index Linked Notes: Payments in respect of interest on Index Linked Interest Notes or in respect of principal on Index Linked Redemption Amount Notes will be calculated by reference to such index and/or formula or to such other factors as the Issuer and the relevant Dealer may agree.

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes: Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as selected prior to issue by the Issuer and the relevant Dealer, will be payable on the Interest Payment Dates specified in, or determined pursuant to, the applicable Final Terms and will be calculated on the basis of the Day Count Fraction so specified.

Dual Currency Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the applicable Final Terms.

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption: The applicable Final Terms will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving not less than 15 nor more than 30 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Final Terms) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.

The applicable Final Terms may provide that Notes may be repayable in two or more instalments in such amounts and on such dates as indicated in it.

Notes having a maturity of less than one (1) year may be subject to restrictions

on their denomination and distribution, see '*Certain restrictions – Notes having a maturity of less than one year*' above.

Denomination of Notes: The Notes will be issued in such denominations as may be specified in the applicable Final Terms save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see '*Certain restrictions – Notes having a maturity of less than one year*' above.

Taxation: Payments in respect of the Notes will as specified in the applicable Final Terms be made either subject to withholding of applicable Dutch taxes (if any) or without withholding or deduction for or on account of taxes levied in The Netherlands, subject to certain exceptions (including the IPMA Standard EU Exception) as provided in Condition 8. If the applicable Final Terms provides that payments are to be made subject to withholding of applicable Dutch taxes (if any), it will also specify that Condition 7(b) will not apply to the Notes.

Negative Pledge: See Condition 3.

Cross Default: See Condition 10(iii).

Status of the Senior Notes: The Senior Notes will constitute direct, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without any preference among themselves and (with the exception of obligations in respect of national and local taxes and certain other statutory exceptions) equally with all other unsecured and unsubordinated obligations of the Issuer.

Status and other terms of Subordinated Notes: The status of each Tranche of Subordinated Notes and any negative pledge and events of default applicable to Subordinated Notes will be set out in the applicable Final Terms.

Risk Factors: The Issuer believes that there are a number of factors that may affect its ability to fulfil its obligations under the Notes issued under the Programme, including: competition from a variety of competitors, technological changes in the markets in which the Issuer operates (requiring it to make substantial investments in its business on an ongoing basis to grow and remain competitive) and dependence on relationships with various partners and suppliers.

For a description of these risks and of the other risk factors that are material for the purpose of assessing the market risks associated with Notes issued under the Programme, see '*Risk Factors*' below.

Substitution: The Issuer may substitute for itself as principal debtor under the Notes any company of which more than 90 per cent. of the shares are directly or indirectly held by the Issuer (a '**Substituted Debtor**') on the terms and in the manner provided in Condition 17.

If a Substituted Debtor becomes the principal debtor in respect of any of the Notes, it will publish a supplement to this Prospectus in accordance with the applicable rules and regulations.

Listing and
admission to
trading:

Application has been made to Euronext Amsterdam for Notes issued under the Programme up to the expiry of 12 months from the date of this Prospectus to be admitted to trading on Euronext Amsterdam.

The Notes may be listed on such other or further stock exchange or stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer in relation to each issue. Unlisted Notes may also be issued. The applicable Final Terms will state whether or not the Notes are to be listed or admitted to trading, as the case may be, and, if so, on which stock exchange and/or markets.

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, the laws of The Netherlands.

Selling
Restrictions:

There are selling restrictions in relation to the United States, the European Economic Area (including The Netherlands and the United Kingdom) and Japan, and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See '*Subscription and Sale and Transfer and Selling Restrictions*' below.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

All references to 'we', 'us' and 'our' under 'Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme' are references to the Issuer.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

In achieving its objectives, KPN's business is impacted by various external developments. By anticipating and reacting on these external developments KPN is taking risk. Taking risk is inherent in doing business and the successful management of these risks delivers return to KPN's stakeholders. The table below shows the external developments eminent at the date of this Base Prospectus, KPN's anticipation and the risks KPN faces. Particular risks and uncertainties are highlighted that could affect KPN's business subsequently, but this is not intended to be an extensive analysis of all risks and uncertainty affecting KPN's business. In general, risks could harm KPN's business, financial condition and operating results, adversely affect its revenues and profitability, and lead to a decrease in the trading price of KPN shares, which in turn may affect KPN's ability to fulfill its obligations under Notes issued under the Programme.

External developments	KPN impact	Risks
Changes in customer behavior (bandwidth on demand, IPTV, video on demand)	Decrease in the fixed-line vs. mobile and broadband growth	Strategic risks
Competition from internet and media companies	Search for new sources of revenues	Operational risks
Macro economy (financial crisis, credit crunch, recession)	Constant need for innovation, technology shifts and increased cost efficiency	Financial risks
Regulation pressure (price control, infrastructure shaping, refarming)	Regulatory compliance	Regulatory risks

Strategic risks

The markets in which KPN operates are very dynamic and competitive and the principal businesses face significant competition. If KPN is unable to achieve its strategic objectives and to compete effectively, this could lead to loss of revenue, reduced margins and loss of market share and adversely affect KPN's financial position. Explained in more detail hereafter are some of KPN's principal businesses, which are relevant for understanding KPN's business challenges.

In the retail broadband market, KPN competes heavily with the cable companies and other parties for customer base and market share, which positions each party for the future. KPN rolls out FttH which is considered to be the ultimate solution for the increasing customer demands. The migration to a fiber-based access network is expected to take several years. KPN may not be successful in the timely migration to such a network and, as a consequence, the main competitors may gain market share at KPN's expense. Furthermore, KPN's investments in fiber could prove to be more expensive than we had estimated. In the meantime KPN is investing in its current copper network to achieve increased bandwidth (VDSL and FttC). The investments in the current copper network could prove to be too expensive or take too long, adversely affecting market share and financial results.

The Mobile International business faces intense competitive pressure in all of KPN's markets (Germany, Belgium, Spain and France). KPN competes with the largest international groups and alliances of mobile operators, such as Vodafone, T-Mobile, Telefonica and France Telecom. Competition based on price, subscription options offered, coverage and service quality remains intense and KPN expects ongoing price pressure.

In Germany, KPN Mobile International faces an auction of licenses on several frequencies in 2010. It is uncertain at the moment what the impact will be from acquiring or not acquiring additional licenses. Acquiring an expensive license could jeopardize KPN's profitability and cash flows. However, if KPN does not acquire an additional license, KPN will seek other business models which could lead to lower margins. These risks in the Mobile International environment challenge the continuation of KPN's profitable growth internationally.

The challenge for Getronics is to execute the new business model going forward. In 2009, Getronics reorganized its operations and integrated parts of the Business Segment. These changes will allow Getronics to realize the synergies expected upon the acquisition of Getronics in 2007. However, there is a risk that Getronics fails to execute the new business model and does not realize the expected synergies, which eventually could result in an impairment of goodwill. There is also a risk that Getronics may not be able to maintain its strong position as ICT provider in the Benelux, adversely affecting market share and financial results.

At the end of 2009, KPN successfully completed the cash tender to acquire all outstanding iBasis shares. During 2009, the acquisition process drew a lot of attention of management. To realize the expected synergies, iBasis should regain business focus and focus on profitable top-line revenue growth going forward. If iBasis' management is not able to achieve profitable top-line revenue growth, such failure could adversely affect the results of operations and eventually could result in a new impairment of goodwill.

Operational risks

KPN has a diversified portfolio of IT systems, some of which have been in place for a long time, so called legacy systems. The constant need for innovation in KPN's businesses and markets put a lot of pressure on these systems to adapt to these changes in a quick and efficient manner. KPN may not be able to act quickly and efficiently which could lead to loss of revenue and margin.

KPN's ability to operate its business depends significantly upon the performance of the technical infrastructure. KPN's technical infrastructure is vulnerable to damage or interruption by power supply and

other similar events. It may also be subject to break-ins, sabotage, terrorism, vandalism and other forms of misconduct. Furthermore, the security of KPN's network and related applications might be compromised, which may result in access and misuse by hackers and other unauthorized users and may adversely affect KPN's operations. System failures, including failure of KPN's network and the networks managed by KPN's suppliers, and hardware or software failures or computer viruses, could also affect the quality of services and cause temporary service interruptions, resulting in customer dissatisfaction, penalties and reduced traffic volumes and revenue.

KPN possesses confidential information about customers. Employees of KPN could intentionally or unintentionally pass this information to non-authorized persons, who could use this information in a harmful manner. Misuse of this information may harm KPN's reputation and could eventually result in loss of revenue or significant claims.

KPN's business depends upon the ability to obtain adequate supplies of telecommunications equipment, related software and IT services, KPN's contractors' ability to build and roll-out telecommunications networks on schedule, and suppliers' ability to deliver dependable technical support. Due to downturns in economic conditions or other market developments, some of KPN's suppliers may cease operations. KPN cannot be certain that it will be able to obtain quality telecommunications equipment and support from alternative suppliers, particularly in relation to new technologies, on a timely basis if the existing suppliers are unable to satisfy the requirements set by KPN. This could lead to an interruption in KPN's operations, which may adversely affect KPN's financial position and results of operations. KPN depends on its relationships with these suppliers for the continuation of these services, some of which are vital to the business. These relationships support KPN in staying the best-in-class network operator. In addition, in those markets in which KPN has limited or no presence, KPN depends on its ability to find and work with local service partners to meet clients' needs. An inability to find adequate service partners may place KPN at a competitive disadvantage and result in a loss of business. Moreover, the failure of any such service partners to provide service of an appropriate standard could adversely affect KPN's reputation, lead to claims and limit the ability to procure further business.

Competition for highly skilled personnel is intense in the markets in which KPN operates. KPN depends, to a significant extent, on the continued services of key management, technical, financial and sales employees. Because there is strong competition for qualified personnel in the industry, the limited availability of qualified individuals could become an issue in the future. The growth and future success of KPN will depend in large part on the ability to attract, motivate and retain highly qualified employees.

Financial risks

In 2009, the impact from the economic downturn was mainly visible in the business markets in which KPN operates. The Business Segment and Getronics experienced a decline in traffic volumes and roaming, as well as a decline in enterprise services and consulting, combined with continued price pressure. Customers postponed investment decisions leading to pressure on the order conversion rate, resulting in slower order intake. If the circumstances worsen, the future operating results could be adversely affected, particularly relative to the current expectations and jeopardize KPN's objective for a sound financial performance.

KPN is exposed to the following financial risks: market risks (currency and interest rate risks), credit risk, and liquidity risks. KPN's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. KPN uses derivative financial instruments to hedge certain risk exposures.

Currency risk is the risk that the fair value of assets or future cash flows will fluctuate because of changes in foreign exchange rates.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

KPN's financial assets are subject to credit risk. Credit risk arises from the possibility of asset impairment occurring because counterparties are not able to meet their obligations in transactions involving financial instruments.

All KPN's financial liabilities are subject to liquidity risk. Liquidity risk is the risk that the group will not be able to meet its financial obligations associated with financial instruments as they fall due.

Regulatory and compliance risk

Most of KPN's network activities are monitored by regulatory bodies, such as OPTA and NMa in the Netherlands, *Bundesnetzagentur* ('**BNetzA**') in Germany, *Belgisch instituut voor Postdiensten en Telecommunicatie* ('**BiPT**') in Belgium and the European Commission generally in Europe. These authorities regulate, amongst others, the prices to be charged for a part of KPN's services and the extent to which KPN has to provide services to competitors. In recent years, these authorities have compelled KPN to reduce some of its wholesale prices. Regulatory authorities may increase the severity of pricing controls, extend the range of services to which regulations apply (including any new services to be offered in the future), and extend the services that KPN has to provide to its competitors. Regulatory decisions could also influence the roll-out planning of the All-IP network and the conditions under which KPN is allowed to migrate to an All-IP network operator such as the deferment of the dismantling of the MDF locations or the imposition of new access obligations. These and other regulatory actions may adversely impact the financial position, increase the severity of competition and decrease profitability. In addition, there is a risk of non-compliance associated with the complexity of regulation.

KPN has to comply with an extensive range of requirements regarding the licensing, construction and operation of its networks and services. Decisions by regulators regarding the granting, amendment or renewal of licenses, to KPN or to third parties, could adversely affect future operations.

Governments in the countries in which KPN operates may issue telecommunications licenses to new operators whose services will compete with KPN's services. In addition, other changes in the regulatory environment concerning the use of mobile phones may lead to a reduction in the usage of mobile phones or otherwise have an adverse effect. In the countries in which KPN operates, mobile terminating tariffs are regulated. Tariffs for mobile roaming services are now regulated by EU regulation and obligations were imposed by the EU on all mobile operators to reduce wholesale and retail roaming tariffs. Such regulatory intervention may increase pressure on pricing and could affect KPN's financial position.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes in registered form

Registered Notes are subject to the restrictions on transfer set out in them and will bear a legend regarding those restrictions, see further '*Subscription and Sale and Transfer and Selling Restrictions*'.

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a '**Relevant Factor**'). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be very volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;

- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Additional risk factors in relation to issues of Index Linked Notes and Dual Currency Notes may be included in the applicable Final Terms or in a supplement to the Prospectus, as the case may be.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable Rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-

bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

The Issuer's obligations under Subordinated Notes are subordinated

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment to those liabilities described in full in the applicable Final Terms. Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become insolvent.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Principal Paying Agent may, without the consent of Noteholders, agree to (i) any modification (not being a modification requiring the approval of a meeting of Noteholders) of any of the provisions of Notes which is not materially prejudicial to the interests of the Noteholders or (ii) any modification of the Notes which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 17 of the Conditions of the Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.]

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Change of law

The conditions of the Notes are based on Dutch law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to Dutch law or administrative practice after the date of this Prospectus.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the '**Investor's Currency**') other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

IMPORTANT INFORMATION

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set forth in the Final Terms which will be delivered to Euronext Amsterdam on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange or stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see '*Documents Incorporated by Reference*'). This Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of this Prospectus.

An investor intending to acquire or acquiring any Notes from an offeror will do so, and offers and sales of the Notes to an investor by an offeror will be made, in accordance with any terms and other arrangements in place between such offeror and such investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with investors (other than the Dealers) in connection with the offer or sale of the Notes and, accordingly, this Prospectus and any Final Terms will not contain such information. The investor must look to the offeror at the time of such offer for the provision of such information. The Issuer has no responsibility to an investor in respect of such information.

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Prospectus nor any other information supplied in connection with the Programme should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Prospectus or any other information supplied in connection with the Programme should purchase any Notes. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers, in their capacity as such, as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. However, the previous statement in no way detracts from the Issuer's obligation to prepare a supplement to this Prospectus or publish a new prospectus for use in connection with any subsequent issue of Notes to be listed on Euronext Amsterdam in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of

the Programme. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase any Notes.

The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes outside The Netherlands or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including, The Netherlands and the United Kingdom) and Japan (see '*Subscription and Sale and Transfer and Selling Restrictions*' below).

All references in this document to '**U.S. dollars**', '**U.S.\$**' and '**\$**' refer to the currency of the United States of America, those to '**euro**', '**EUR**' and '**€**' refer to the currency of the member states of the European Union participating in the economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended, those to '**Japanese yen**', '**yen**' and '**¥**' refer to the currency of Japan, those to '**CHF**' refer to the currency of Switzerland, and those to '**Sterling**' and '**£**' refer to the currency of Great Britain.

Descriptions of those abbreviated terms which are related to the Issuer's business are set out in the Glossary of Terms.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the AFM shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (a) the Articles of Association of the Issuer;
- (b) the publicly available consolidated audited annual financial statements of the Issuer for the financial year ended December 31, 2009 including comparative figures for the financial year ended December 31, 2008 (prepared in accordance with International Financial Reporting Standards ('IFRS')) which appear on pages 68 to 131 of the KPN Annual Report 2009 (the '**2009 Annual Report**'). The auditor's report appears on page 138 of the 2009 Annual Report;
- (c) the publicly available consolidated audited annual financial statements of the Issuer for the financial year ended December 31, 2008 (prepared in accordance with IFRS) as set out on pages 75 to 139 of the KPN Annual Report 2008 (the '**2008 Annual Report**'), including the auditors' report thereon which appears on page 146 of the 2008 Annual Report; and
- (d) the Terms and Conditions of the Notes contained in previous Offering Circulars dated August 9, 2006, pages 44 to 69 (inclusive); dated April 17, 2007, pages 46 to 72 (inclusive); dated April 8, 2008, pages 63 to 90 (inclusive); and dated April 9, 2009, pages 60 to 87 (inclusive) prepared by the Issuer in connection with the Programme.

The Issuer will provide, without charge, upon request of such person, a copy of any or all of the documents which are incorporated herein by reference. Requests for such documents should be directed to the Issuer at its registered office set out at the end of this Prospectus.

The Issuer will, in connection with the listing of the Notes on Euronext Amsterdam, so long as any Note remains outstanding and listed on such exchange, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new prospectus for use in connection with any subsequent issue of Notes to be listed on Euronext Amsterdam.

If the terms of this Programme are modified or amended in a manner which would make this Prospectus inaccurate or misleading, a new prospectus will be prepared.

This Prospectus and any supplement will only be valid for listing Notes on Euronext Amsterdam or any other exchange during the period of 12 months from the date of this Prospectus.

FORM OF THE NOTES

The Notes of each Series will either be in bearer form (**'Bearer Notes'**), with or without interest coupons (**'Coupons'**) attached, or in registered form (**'Registered Notes'**), without Coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (**'Regulation S'**) and Registered Notes will be issued both outside the United States in reliance on Regulation S and within the United States in reliance on Rule 144A under the Securities Act or otherwise in private transactions that are exempt from the registration requirements of the Securities Act.

Bearer Notes

Each Tranche of Bearer Notes will (unless otherwise indicated in the applicable Final Terms) be initially represented by a temporary bearer global Note (the **'Temporary Bearer Global Note'**) (or, if so specified in the applicable Final Terms, a permanent bearer global Note (the **'Permanent Bearer Global Note'**)), without receipts, interest coupons or talons, which will either be delivered on or prior to the original issue date of the tranche to (i) a common depositary for Euroclear Bank S.A./N.V. (**'Euroclear'**) and Clearstream Banking, *société anonyme* (**'Clearstream, Luxembourg'**) and/or any other agreed clearing system or (ii) be deposited with the Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (**'Euroclear Nederland'**). Whilst any Bearer Note is represented by a Temporary Bearer Global Note and issued in compliance with the TEFRA D Rules, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of such Note are not United States persons or persons who have purchased for resale to any United States person, as required by U.S. Treasury regulations, has been received by the relevant clearing system(s) and the relevant clearing system(s) have given a like certification (based on the certifications they have received) to the Principal Paying Agent. Any reference in this section to the relevant clearing system(s) shall mean the clearance and/or settlement system(s) specified in the applicable Final Terms. On and after the date (the **'Exchange Date'**) which is not less than 40 days nor more than 90 days after the date on which a Temporary Bearer Global Note is issued, interests in the Temporary Bearer Global Note will be exchangeable (free of charge), upon request as described therein, either for interests in a Permanent Bearer Global Note without receipts, interest coupons or talons or for definitive Bearer Notes (as indicated in the applicable Final Terms), in each case (if the Bearer Notes are issued in compliance with the TEFRA D Rules) against certification of beneficial ownership as described in the second sentence of this paragraph unless such certification has already been given. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date, unless upon due presentation of the Temporary Bearer Global Note for exchange as aforesaid, delivery of any of the definitive Bearer Notes or Coupons is improperly withheld or refused.

Definitive Bearer Notes will be in the standard euromarket form. Definitive Bearer Notes and global Bearer Notes will be to bearer.

Payments of principal and interest (if any) on a Permanent Bearer Global Note will be made through the relevant clearing system(s) against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification. A Permanent Bearer Global Note will be exchangeable (free of charge), in whole or (subject to the Bearer Notes which continue to be represented by the Permanent Bearer Global Note being regarded by the relevant clearing system(s) as fungible with the definitive Bearer Notes issued in partial exchange for such Permanent Bearer Global Note) in part, in accordance with the applicable Final Terms for security printed definitive Bearer Notes with, where applicable, receipts, interest coupons or coupon sheets and talons attached. Such exchange may be made, as specified in the applicable Final Terms, either: (i) upon not less than 30 days' written notice being given to the Principal Paying Agent by a relevant clearing system (acting on the instructions of any of its participants) as described therein or (ii) upon the occurrence of an Exchange Event.

An ‘**Exchange Event**’ means (1) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg and/or if applicable Euroclear Nederland has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system is available or (2) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 8 which would not be required were the Bearer Notes represented by the Permanent Bearer Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 upon the occurrence of an Exchange Event. In the event of the occurrence of an Exchange Event, a relevant clearing system acting on the instructions of any holder of an interest in the global Bearer Note may give notice to the Principal Paying Agent requesting exchange and in the event of the occurrence of an Exchange Event as described in (2) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur no later than 15 days after the date on which the relevant notice is received by the Principal Paying Agent. Global Bearer Notes and definitive Bearer Notes will be issued pursuant to the Agency Agreement (as defined under ‘*Terms and Conditions of the Notes*’ below). At the date hereof, neither Euroclear nor Clearstream, Luxembourg, as opposed to Euroclear Nederland, regard Bearer Notes in global form as fungible with Bearer Notes in definitive form.

The following legend will appear on all Bearer Notes which have an original maturity of more than one year and on all receipts and interest coupons (including talons) relating to such Notes which are issued in compliance with the TEFRA D Rules:

‘ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.’

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or interest coupons.

The following legend will appear on all global Bearer Notes held in Euroclear Nederland:

‘Notice: This Note is issued for deposit with Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (‘Euroclear Nederland’) at Amsterdam, The Netherlands. Any person being offered this Note for transfer or any other purpose should be aware that theft or fraud is almost certain to be involved.

Notice: The custody of this global certificate by Euroclear Nederland shall be subject to Euroclear Nederland’s conditions as in force from time to time. The Issuer hereby declares that it will abide by these conditions.’

Registered Notes

Each Tranche of Registered Notes offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (‘**Regulation S Global Notes**’). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions (i) to ‘qualified institutional buyers’ within the meaning of Rule 144A under the Securities Act (‘**QIBs**’) or (ii) to ‘accredited investors’ (as defined in Rule 501(a)(1), (2), (3) or (7) under the

Securities Act) that are institutions (**‘Institutional Accredited Investors’**) and who execute and deliver an IAI Investment Letter (as defined under *‘Terms and Conditions of the Notes’*) in which they agree to purchase the Notes for their own account and not with a view to the distribution thereof. The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (**‘Rule 144A Global Notes’**) and, together with Regulation S Global Notes, the **‘Registered Global Notes’**).

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (**‘DTC’**) for its own account or for the accounts of Euroclear and Clearstream, Luxembourg or (ii) be deposited with a common depository for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Registered Notes of each Tranche sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holder thereof (**‘Definitive IAI Registered Notes’**). Unless otherwise set forth in the applicable Final Terms, Definitive IAI Registered Notes will be issued only in minimum denominations of U.S.\$500,000 and integral multiples of U.S.\$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency). Definitive IAI Registered Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under *‘Subscription and Sale and Transfer and Selling Restrictions’*. Institutional Accredited Investors that hold Definitive IAI Registered Notes may not elect to hold such Notes through DTC, Euroclear or Clearstream, Luxembourg, but transferees acquiring the Notes in transactions exempt from Securities Act registration pursuant to Regulation S or Rule 144A under the Securities Act (if available) may do so upon satisfaction of the requirements applicable to such transfer as described under *‘Subscription and Sale and Transfer and Selling Restrictions’*. The Registered Global Notes and the Definitive IAI Registered Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6(d)) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6(d)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **‘Exchange Event’** means that (1) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or, DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available, or (2) in the case of Notes registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available, or (3) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 8 which would not be required were the Registered Notes represented by the Registered Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the

event of the occurrence of an Exchange Event, DTC and/or Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (3) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 15 days after the date on which the relevant notice is received by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note or in the form of a Definitive IAI Registered Note and Definitive IAI Registered Notes may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such Notes in the form of an interest in a Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see ‘Subscription and Sale and Transfer and Selling Restrictions’.**

General

Pursuant to the Agency Agreement the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned an ISIN and a common code by Euroclear and Clearstream, Luxembourg, and where applicable, a CUSIP and CINS number by DTC by the Listing Department of Euronext Amsterdam which are different from the ISIN, common code, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined under Regulation S) applicable to the Notes of such Tranche.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10 of the Terms and Conditions. In such circumstances, where any Note is still represented by a global Note and a holder of such Note so represented and credited to his account with the relevant clearing system(s) (other than Euroclear Nederland) gives notice that it wishes to accelerate such Note, unless within a period of 15 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such global Note, holders of interests in such global Note credited to their accounts with the relevant clearing system(s) (other than Euroclear Nederland) will become entitled to proceed directly against the Issuer on the basis of statements of account provided by the relevant clearing system(s) (other than Euroclear Nederland) on and subject to the terms of the relevant global Note. In the case of a global Bearer Note deposited with Euroclear Nederland, the rights of Noteholders will be exercised in accordance with the provisions of such global Bearer Note and the provisions of the Securities Giro Transfer Act (*‘Wet giraal effectenverkeer’*). In addition, holders of interests in a global Note credited to their accounts with DTC may require DTC to deliver definitive Notes in registered form in exchange for their interests in a global Note in accordance with DTC’s standard operating procedures.

For so long as any of the Notes is represented by a global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant global Bearer Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes in accordance

with and subject to the terms of the relevant global Note and the expressions ‘**Noteholder**’ and ‘**holder of Notes**’ and related expressions shall be construed accordingly.

So long as DTC or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and such Notes except to the extent that in accordance with DTC’s published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

APPLICABLE FINAL TERMS FOR ISSUES WITH A DENOMINATION OF LESS THAN €50,000

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than €50,000 (or its equivalent in another currency).

[Date]

Koninklijke KPN N.V.

Incorporated in The Netherlands as a public limited liability company
(*naamloze vennootschap*) with its corporate seat in the Hague

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the Global Medium Term Note Programme

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 39 of Part A below, provided such person is one of the persons mentioned in Paragraph 39 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].¹

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].²

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated April 9, 2010 which constitutes a base prospectus for the purposes of the Prospectus

¹ Consider including this legend where a non-exempt offer of Notes is anticipated.

² Consider including this legend where only an exempt offer of Notes is anticipated.

Directive (Directive 2003/71/EC) (the ‘**Prospectus Directive**’). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing during normal business hours at Koninklijke KPN N.V., Maanplein 55, 2516 CK The Hague, The Netherlands and at www.kpn.com and copies may be obtained from Koninklijke KPN N.V., Maanplein 55, 2516 CK The Hague, The Netherlands.

[The following language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus or Prospectus with an earlier date. In the event the Base Prospectus or Prospectus with an earlier date was not approved for the purpose of the Prospectus Directive (as defined below), the Issuer shall publish a supplement to the current Base Prospectus in respect of this increase and such supplement shall be approved by the relevant listing or other competent authority prior to publication.]

Terms used herein shall be deemed to be defined as such for the purposes of the conditions as set out in Schedule [] to this document. This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the ‘**Prospectus Directive**’) and must be read in conjunction with the Base Prospectus dated April 9, 2010 which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are replaced by the conditions as set out in Schedule [] to this document. Full information on the Issuer and the offer of the securities is only available on the basis of the combination of these Final Terms and the Base Prospectus dated April 9, 2010, save for the Conditions, which are replaced by the conditions as set out in Schedule [] to this document. Copies of such documents are available for viewing during normal business hours at the registered office of the Issuer, at Maanplein 55, 2516 CK The Hague, The Netherlands and at www.kpn.com and copies may be obtained from Koninklijke KPN N.V., Maanplein 55, 2516 CK The Hague, The Netherlands.

[Include whichever of the following apply or specify as ‘Not Applicable’ (N/A). Note that the numbering should remain as set out below, even if ‘Not Applicable’ is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute ‘significant new factors’ and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

[If the Notes have a maturity of less than one (1) year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. Issuer: Koninklijke KPN N.V.
2. (i) Series Number: []
(ii) Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 - (i) Series: []
 - (ii) Tranche: []

5. Issue Price of Tranche: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date]] (if applicable)
6. (a) Specified Denominations: []
(in the case of Registered Notes this means the minimum integral amount in which transfers can be made) []
[Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies)]
(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €[1,000] minimum denomination is not required.)
- (b) Calculation Amount
(Applicable to Notes in definitive form) *(If only one Specified Denomination, insert the Specified Denomination.*
If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
7. (i) Issue Date: []
- (ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
8. Maturity Date: *[Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month].*
9. Interest Basis: [[] per cent. Fixed Rate]
 [[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Dual Currency Interest]
 [specify other]
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 [Dual Currency Redemption]
 [Partly Paid]
 [Instalment]

[specify other]

(NB: If the Final Redemption Amount is other than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)

11. Change of Interest Basis or Redemption/Payment Basis: []
[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. Status of the Notes: [Senior/Subordinated – give details, including any variations to the Negative Pledge and Events of Default.]
14. Method of distribution: [Syndicated/Non-syndicated]

Provisions Relating to Interest (if any) Payable

15. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/other(specify)] in arrear]
(If payable other than annually, consider amending Condition 5)
- (ii) Interest Payment Date(s): [] in each year up to and including the Maturity Date/[specify other]

(NB: This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form)
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
(Applicable to Notes in definitive form)
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or [specify other]]
- (vi) [Determination Date[s]: [] in each year
(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon (NB: This will need to be amended in the case of regular interest payments which are not of equal duration))
(NB: Only relevant where Day Count Fraction is

Actual/Actual (ICMA))]

- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:

[None/Give details]

16. Floating Rate Note Provisions

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Specified Period(s)/Specified Interest Payment Dates:

[]

- (ii) Business Day Convention:

[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*[specify other]*]

- (iii) Additional Business Centre(s):

[]

- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined:

[Screen Rate Determination/ISDA Determination/*specify other*]

- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):

[]

- (vi) Screen Rate Determination:

[Yes/No]

- Reference Rate:

[]

(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)

- Determination Date(s):

[]

(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System (or any successor thereto) is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)

- Relevant Screen Page:

[]

(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

- (vii) ISDA Determination:

[Yes/No]

- Floating Rate Option:

[]

- Designated Maturity: []
 - Reset Date: []
 - (viii) Margin(s): [+/-] [] per cent. per annum
 - (ix) Minimum Rate of Interest: [] per cent. per annum
 - (x) Maximum Rate of Interest: [] per cent. per annum
 - (xi) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360 (ISDA)
Other]
(See Condition 5 for alternatives)
 - (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
17. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: [] per cent. per annum
 - (ii) Reference Price: []
 - (iii) Any other formula/basis of determining amount payable: []
 - (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 7(e) and (j) apply/specify other]
(Consider applicable day count fraction if not U.S. dollar denominated)
18. Index Linked Interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
(NB: If the Final Redemption Amount is other than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)

- (i) Index/Formula: [give or annex details]
 - (ii) Calculation Agent [give name]
 - (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and the Interest Amount (if not the Agent): []
 - (iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [](need to include a description of market disruption or settlement disruption events and adjustment provisions)
 - (v) Specified Period(s)/Specified Interest Payment Dates: []
 - (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
 - (vii) Additional Business Centre(s): []
 - (viii) Minimum Rate of Interest: [] per cent. per annum
 - (ix) Maximum Rate of Interest: [] per cent. per annum
 - (x) Day Count Fraction: []
19. Dual Currency Interest Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(NB: If the Final Redemption Amount is other than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
 - (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): []

- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [] *(need to include a description of market disruption or settlement disruption events and adjustment provisions)*
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

Provisions Relating to Redemption

20. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (iii) If redeemable in part:
- (A) Minimum Redemption Amount: []
- (B) Higher Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): []
(N.B. if setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
21. Investor Put: [Applicable/Not Applicable/Applicable – Change of Control]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]

- (iii) Notice period (if other than as set out in the Conditions):

[]

(N.B. if setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

22. Final Redemption Amount:

[] per Calculation Amount/specify other/see Appendix]

(NB: If the Final Redemption Amount is other than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply).

23. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e)):

[] per Calculation Amount/specify other/see Appendix]

General Provisions Applicable to the Notes

24. Form of Notes:

[Bearer Notes:

[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes [on 30 days' notice given at any time/only upon an Exchange Event].]

[Temporary Bearer Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date.]

[Permanent Bearer Global Note exchangeable for Definitive Bearer Notes [on 30 days' notice given at any time/only upon an Exchange Event].]

(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Prospectus and the Notes themselves.)

[Registered Notes:

Regulation S Global Note (U.S.\$[] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Note (U.S.\$[] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Definitive IAI Registered Notes (*specify nominal amounts*).]

25. Additional Financial Centre(s) or other special provisions relating to Payment Dates:

[Not Applicable/give details]

(Note that this paragraph relates to the date and place of

payment and not Interest Period end dates to which paragraphs 16(iii) and 18(vii) relate)

26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details. NB: new forms of Global Note may be required for Partly Paid issues*]
28. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/*give details*]
- (ii) Instalment Date(s): [Not Applicable/*give details*]
29. Redenomination applicable: Redenomination [not] applicable
(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))
30. Other terms or special conditions: [Not Applicable/*give details*]
(When adding any other final terms consideration should be given as to whether such terms constitute 'significant new factors' and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)
31. For the purposes of Condition 14, notices to be published in the Financial Times: [Yes/No]
32. Condition 8(a) or 8(b) of the Notes applies: [Condition 8(a) applies and Condition 7(b) does not apply/Condition 8(b) applies and Condition 7(b) applies]
33. Additional tax disclosure [Not Applicable/*give details*]

Distribution

34. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/*give names and addresses and underwriting commitments*]
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a 'best efforts' basis if such entities are not the same as the Managers.)

- (ii) Date of [Syndication] Agreement: []
- (iii) Stabilising Manager[s] (if any): [Not Applicable/give name and address]
35. If non-syndicated, name and address of relevant Dealer: [Not Applicable/give name and address]
36. Total commission and concession: [] per cent. of the Aggregate Nominal Amount]
37. U.S. Selling Restrictions: [Rule144A; Reg. S Compliance Category 2; TEFRA D Rules applicable/TEFRA C Rules applicable/TEFRA not applicable]
38. Non exempt Offer: [Not Applicable] [An offer of the Notes may be made by the Managers other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) - which must be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)*] (**‘Public Offer Jurisdictions’**) during the period from [*specify date*] until [*specify date or a formula such as "the Issue Date" or "the date which falls [...] Business Days thereafter"*] (**‘Offer Period’**). See further Paragraph 10 of Part B below.
- (N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)*
39. Additional selling restrictions: [Not Applicable/give details]
40. Issuer: Koninklijke KPN N.V.

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [Euronext Amsterdam/*specify relevant regulated market and, if relevant, listing on an official list*] of the Notes described herein] pursuant to the Global Medium Term Note Programme of Koninklijke KPN N.V.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms and to the best knowledge and belief of the Issuer the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information. [[] has been extracted from []. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

By:
Duly authorised

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING** [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Amsterdam/specify other relevant regulated and, if relevant, listing on an official list] with effect from [].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Amsterdam/specify other relevant regulated and, if relevant, listing on an official list] with effect from [].] [Not Applicable.]

2. RATINGS

Ratings: The Notes to be issued have been rated:

[S & P: []]

[Moody's: []]

[[Other]: []]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE]

[Save for any fees payable to the Managers/Dealer, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – *Amend as appropriate if there are other interests*]

4. REASONS FOR THE OFFER; ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer: []
(See 'Use of Proceeds' wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here).]

[(ii) Estimated net proceeds: []
(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii) [Estimated total expenses:] [] *[Include breakdown of expenses]*
(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i) above

is required where the reasons for the offer are different from making profit and/or hedging certain risks regardless of the minimum denomination of the Notes and where this is the case, disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)

5. YIELD *(Fixed Rate Notes only)*

Indication of yield: []

[Calculated as *[include details of method of calculation in summary form]* on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. HISTORIC INTEREST RATES *(Floating Rate Notes Only)*

[Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

7. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING *(Index-linked Notes only)*

[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]

[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information *[specify what information will be reported and where it can be obtained]*] [does not intend to provide post-issuance information].

8. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT *(Dual Currency Notes only)*

[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

[Need to include details of where past and future performance and volatility of relevant rates can be obtained.]

[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

9. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) CUSIP: []
- (iv) CINS: []
- (v) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Societe Anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (vi) Delivery: Delivery [against/free of] payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): []

10. TERMS AND CONDITIONS OF THE OFFER

- (i) Time period during which the offer is open: [Not applicable/give details]
- (ii) Description of the application process: [Not applicable/give details]
- (iii) Description of possibility to reduce subscriptions: [Not applicable/give details]
- (iv) Manner for refunding excess amount paid by applicants: [Not applicable/give details]
- (v) Minimum and/or maximum amount of application: [Not applicable/give details]

- (vi) Method and time limit for paying up the securities and for delivery of the securities: [Not applicable/*give details*]
- (vii) Manner and date in which results of the offer are to be made public: [Not applicable/*give details*]
- (viii) Procedure for exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised: [Not applicable/*give details*]

SCHEDULE [] TO THE FINAL TERMS

(In relation to a tranche of Notes which is being increased and was originally issued under a Base Prospectus or Prospectus with an earlier date than the current Base Prospectus, insert full terms and conditions which shall be in the form set out in the previous Base Prospectus or Prospectus which, in the case of a listed issue shall have been previously approved by the relevant competent authority)

APPLICABLE FINAL TERMS FOR ISSUES WITH A DENOMINATION OF AT LEAST €50,000

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least €50,000 (or its equivalent in another currency).

[Date]

Koninklijke KPN N.V.

Incorporated in The Netherlands as a public limited liability company
(*naamloze vennootschap*) with its corporate seat in the Hague

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the Global Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated April 9, 2010 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the ‘**Prospectus Directive**’). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing during normal business hours at Koninklijke KPN N.V., Maanplein 55, 2516 CK The Hague, The Netherlands and at www.kpn.com and copies may be obtained from Koninklijke KPN N.V., Maanplein 55, 2516 CK The Hague, The Netherlands.

[The following language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus or Prospectus with an earlier date. In the event the Base Prospectus or Prospectus with an earlier date was not approved for the purpose of the Prospectus Directive (as defined below), the Issuer shall publish a supplement to the current Base Prospectus in respect of this increase and such supplement shall be approved by the relevant listing or other competent authority prior to publication.]

Terms used herein shall be deemed to be defined as such for the purposes of the conditions as set out in Schedule [] to this document. This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the ‘**Prospectus Directive**’) and must be read in conjunction with the Base Prospectus dated April 9, 2010 which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are replaced by the conditions as set out in Schedule [] to this document. Full information on the Issuer and the offer of the securities is only available on the basis of the combination of these Final Terms and the Base Prospectus dated April 9, 2010, save for the Conditions, which are replaced by the conditions as set out in Schedule [] to this document. Copies of such documents are available for viewing during normal business hours at the registered office of the Issuer, at Maanplein 55, 2516 CK The Hague, The Netherlands and at www.kpn.com and copies may be obtained from Koninklijke KPN N.V., Maanplein 55, 2516 CK The Hague, The Netherlands.

[Include whichever of the following apply or specify as ‘Not Applicable’ (N/A). Note that the numbering should remain as set out below, even if ‘Not Applicable’ is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute ‘significant new factors’ and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

[If the Notes have a maturity of less than one (1) year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. Issuer: Koninklijke KPN N.V.
2. (i) Series Number: []
(ii) Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
(i) Series: []
(ii) Tranche: []
5. Issue Price of Tranche: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date]] (if applicable)
6. (a) Specified Denominations: *(in the case of Registered Notes this means the minimum integral amount in which transfers can be made)*
[]
[]

(Note – Where Bearer Notes with multiple denominations above [€50,000] or equivalent are being used the following sample wording should be followed:

‘[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes in definitive form will be issued with a denomination above [€99,000].’)

[Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies)]

(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €[50,000] minimum denomination is not required.)

(b) Calculation Amount
(Applicable to Notes in definitive form)

(If only one Specified Denomination, insert the Specified Denomination.

If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)

7. (i) Issue Date: []
- (ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year].
9. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Dual Currency Interest]
[specify other]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[specify other]
- (NB: If the Final Redemption Amount is other than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)*
11. Change of Interest Basis or Redemption/Payment Basis: []
- [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]*
12. Put/Call Options: [Investor Put]
[Issuer Call]

[(further particulars specified below)]

13. Status of the Notes: [Senior/Subordinated – give details, including any variations to the Negative Pledge and Events of Default.]

14. Method of distribution: [Syndicated/Non-syndicated]

Provisions Relating to Interest (if any) Payable

15. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Rate[(s)] of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/other(specify)] in arrear]
(If payable other than annually, consider amending Condition 5)

(ii) Interest Payment Date(s): [] in each year up to and including the Maturity Date/[specify other]

(NB: This will need to be amended in the case of long or short coupons)

(iii) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form)

(iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
(Applicable to Notes in definitive form)

(v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or [specify other]]

(vi) [Determination Date[s]: [] in each year
(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon (NB: This will need to be amended in the case of regular interest payments which are not of equal duration))]
(NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))]

(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]

16. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Specified Period(s)/Specified Interest Payment Dates: []

- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (iii) Additional Business Centre(s): []
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): []
- (vi) Screen Rate Determination: [Yes/No]
 – Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
 – Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System (or any successor thereto) is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 – Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination: [Yes/No]
 – Floating Rate Option: []
 – Designated Maturity: []
 – Reset Date: []
- (viii) Margin(s): [+/-] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)
 Actual/365 (Fixed)
 Actual/365 (Sterling)
 Actual/360]

30/360
 30E/360
 30E/360 (ISDA)
Other]
(See Condition 5 for alternatives)

- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []

17. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: []
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 7(e) and (j) apply/specify other]
(Consider applicable day count fraction if not U.S. dollar denominated)

18. Index Linked Interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
(NB: If the Final Redemption Amount is other than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)

- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent [give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
- (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and the Interest Amount (if not the Agent): []

- (iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [] *(need to include a description of market disruption or settlement disruption events and adjustment provisions)*
- (v) Specified Period(s)/Specified Interest Payment Dates: []
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (vii) Additional Business Centre(s): []
- (viii) Minimum Rate of Interest: [] per cent. per annum
- (ix) Maximum Rate of Interest: [] per cent. per annum
- (x) Day Count Fraction: []
19. Dual Currency Interest Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(NB: If the Final Redemption Amount is other than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): []
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [] *(need to include a description of market disruption or settlement disruption events and adjustment provisions)*
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

Provisions Relating to Redemption

20. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (iii) If redeemable in part:
- (A) Minimum Redemption Amount: []
- (B) Higher Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): []
(N.B. if setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
21. Investor Put: [Applicable/Not Applicable/Applicable – Change of Control]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (iii) Notice period (if other than as set out in the Conditions): []
(N.B. if setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

Agent)

22. Final Redemption Amount: [[] per Calculation Amount/specify other/see Appendix]
(NB: If the Final Redemption Amount is other than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply).
23. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e)): [[] per Calculation Amount/specify other/see Appendix]

General Provisions Applicable to the Notes

24. Form of Notes: [Bearer Notes:
[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes [on 30 days' notice given at any time/only upon an Exchange Event].]
[Temporary Bearer Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date.]
[Permanent Bearer Global Note exchangeable for Definitive Bearer Notes [on 30 days' notice given at any time/only upon an Exchange Event].]
(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)

[Registered Notes:
Regulation S Global Note (U.S.\$[] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Note (U.S.\$[] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Definitive IAI Registered Notes (specify nominal amounts).]
25. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details]
(Note that this paragraph relates to the date and place of

payment and not Interest Period end dates to which paragraphs 16(iii) and 18(vii) relate)

26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details. NB: new forms of Global Note may be required for Partly Paid issues*]
28. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/*give details*]
- (ii) Instalment Date(s): [Not Applicable/*give details*]
29. Redenomination applicable: Redenomination [not] applicable
(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))
30. Other terms or special conditions: [Not Applicable/*give details*]
(When adding any other final terms consideration should be given as to whether such terms constitute 'significant new factors' and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)
31. For the purposes of Condition 14, notices to be published in the Financial Times: [Yes/No]
32. Condition 8(a) or 8(b) of the Notes applies: [Condition 8(a) applies and Condition 7(b) does not apply/Condition 8(b) applies and Condition 7(b) applies]
33. Additional tax disclosure [Not Applicable/*give details*]

Distribution

34. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
(Include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a 'best efforts' basis if such entities are not the same as the Managers.)

- (ii) Date of [Syndication] Agreement: []
- (iii) Stabilising Manager[s] (if [Not Applicable/*give names* any]):
35. If non-syndicated, name of relevant Dealer: [Not Applicable/*give name and address*]
36. U.S. Selling Restrictions: [Rule 144A; Reg. S Compliance Category 2; TEFRA D Rules applicable/TEFRA C Rules applicable/TEFRA not applicable]
37. Additional selling restrictions: [Not Applicable/*give details*]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [Euronext Amsterdam/*specify relevant regulated market and, if relevant, listing on an official list*] of the Notes described herein] pursuant to the Global Medium Term Note Programme of Koninklijke KPN N.V.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms and to the best knowledge and belief of the Issuer the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information. [[] has been extracted from []. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Amsterdam/specify other relevant regulated and, if relevant, listing on an official list] with effect from [].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Amsterdam/specify other relevant regulated and, if relevant, listing on an official list] with effect from [].] [Not Applicable.]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

- (ii) Estimate of total expenses related to admission to trading []

2. RATINGS

Ratings:

The Notes to be issued have been rated:

[S & P: []]
[Moody's: []]
[[Other]: []]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Managers/Dealer, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – *Amend as appropriate if there are other interests*]

4. REASONS FOR THE OFFER; ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i) Reasons for the offer: []
(See 'Use of Proceeds' wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here).]

- [(ii) Estimated net proceeds: []
(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

- [(iii) [Estimated total expenses:] [] *[Include breakdown of expenses]*

(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks regardless of the minimum denomination of the Notes and where this is the case, disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)

5. YIELD (Fixed Rate Notes only)

Indication of yield: []

[Calculated as [include details of method of calculation in summary form] on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (Index-linked Notes only)

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]

[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

(N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

7. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (Dual Currency Notes only)

[Need to include details of where past and future performance and volatility of relevant rates can be obtained.]

[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

(N.B. This paragraph 7 only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

8. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) CUSIP: []
- (iv) CINS: []
- (v) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Societe Anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (vi) Delivery: Delivery [against/free of] payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): []

SCHEDULE [] TO THE FINAL TERMS

(In relation to a tranche of Notes which is being increased and was originally issued under a Base Prospectus or Prospectus with an earlier date than the current Base Prospectus, insert full terms and conditions which shall be in the form set out in the previous Base Prospectus or Prospectus which, in the case of a listed issue shall have been previously approved by the relevant competent authority)

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of Notes to be issued by the Issuer which will be incorporated by reference into each global Note and which will be endorsed on (or, if permitted by the rules of the relevant stock exchange and agreed between the Issuer and the relevant Dealer, incorporated by reference into) each definitive Note in the standard euromarket form. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Notes. The applicable Final Terms will be endorsed on, incorporated by reference into, or attached to, each global Note and definitive Note in the standard euromarket form. Reference should be made to 'Form of the Notes' above for a description of the content of Final Terms which includes the definition of certain terms used in the following Terms and Conditions.

This Note is one of a series of Notes issued by Koninklijke KPN N.V. (the '**Issuer**', which expression shall include any Substituted Debtor (as defined in Condition 17)) pursuant to the Agency Agreement (as defined below). References herein to the 'Notes' shall be references to the Notes of this Series (as defined below) and shall mean (i) in relation to any Notes represented by a global Note, units of each Specified Denomination in the Specified Currency, (ii) definitive Notes in bearer form ('**Bearer Notes**') issued in exchange (or part exchange) for a global Note in bearer form, (iii) any definitive Notes in registered form ('**Registered Notes**') (whether or not issued in exchange for a global Note in registered form) and (iv) any global Note. The holders of the Notes, the Receipts (as defined below) and the Coupons (as defined below) are deemed to have notice of, are entitled to the benefit of and are subject to the provisions of an Amended and Restated Agency Agreement dated April 9, 2010 (the '**Agency Agreement**'), as further amended and/or supplemented and/or restated from time to time and made between the Issuer, and Citibank, N.A. as issuing and principal paying agent and agent bank (the '**Principal Paying Agent**', which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the '**Paying Agents**', which expression shall include any additional or successor paying agents), Citibank, N.A. as exchange agent (the '**Exchange Agent**', which expression shall include any successor exchange agent) and as registrar (the '**Registrar**', which expression shall include any successor registrar) and as transfer agent and the other transfer agents named therein (together with the Registrar, the '**Transfer Agents**' (such Agents, being together referred to as '**Agents**'), which expression shall include any additional or successor transfer agents).

Interest bearing definitive Bearer Notes in the standard euromarket form (unless otherwise indicated in the applicable Final Terms) have interest coupons ('**Coupons**') and, if indicated in the applicable Final Terms, talons for further Coupons ('**Talons**') attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes in the standard euromarket form repayable in instalments have receipts ('**Receipts**') for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and global Notes do not have Coupons, Talons or Receipts attached on issue. Any reference herein to '**Noteholders**' shall mean (in the case of Bearer Notes) the holders of the Notes, and (in the case of Registered Notes) the persons in whose names the Notes are registered, and shall, in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to '**Receiptholders**' shall mean the holders of the Receipts and any reference herein to '**Couponholders**' shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons. Any holders mentioned above include those having a credit balance in the collective depots held by a participant of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ('**Euroclear Nederland**').

The Final Terms for this Note is endorsed hereon or attached hereto or applicable hereto or incorporated by reference herein and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the '**applicable Final Terms**' are to the Final Terms for this Note.

As used herein, ‘**Tranche**’ means Notes which are identical in all respects (including as to listing) and ‘**Series**’ means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) from the date on which such consolidation is expressed to take effect except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the applicable Final Terms are available free of charge at the registered office of the Issuer and at the specified offices of the Paying Agents and in an electronic form on the website of the Issuer (www.kpn.com). The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, are entitled to the benefit of and are subject to all the provisions of the applicable Final Terms which are binding on them.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated, and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. Form, Denomination and Title

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the Specified Currency, the Specified Denomination(s) and the Specified Form(s).

This Note is a Senior Note or a Subordinated Note as indicated in the applicable Final Terms. This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Amount Note, a Dual Currency Interest Note, an Instalment Note, a Partly Paid Note, a Dual Currency Redemption Note or a combination of any of the foregoing, depending on the Interest Basis and Redemption/Payment Basis indicated in the applicable Final Terms.

Bearer Notes in definitive form are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. For Notes held by Euroclear Nederland deliveries will be made in accordance with the Securities Giro Transfer Act (*‘Wet giraal effectenverkeer’*). Except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer and the Agents may deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a global Note held on behalf of Euroclear Bank S.A./N.V. (**‘Euroclear’**) and/or Clearstream Banking, *société anonyme* (**‘Clearstream, Luxembourg’**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant global Bearer Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and any Agent as the holder of such Notes in accordance with and subject to the terms of the relevant global Note (and the expressions **‘Noteholder’** and **‘holder of Notes’** and related expressions shall be construed accordingly). Notes which are represented by a

global Note held by a common depository for Euroclear or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

For so long as the Depository Trust Company ('DTC') or its nominee is the registered owner or holder of a Registered Global Note (as defined in Condition 2(h)), DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

References to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms but shall not include Euroclear Nederland.

2. Transfers of Registered Notes

(a) Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(b) Transfers of Registered Notes in definitive form

Subject as provided in paragraphs (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (a) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (b) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (ii) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request and that the transfer is in compliance with the transfer restrictions set forth in such Registered Note. Any such transfer will be subject to such regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 9 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the

Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(c) Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(e) Transfers of interests in Regulation S Global Notes

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a '**Transfer Certificate**'), copies of which are available from the specified office of any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made:
 - (A) to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
 - (B) to a person who is an Institutional Accredited Investor, together with, in the case of (B), a duly executed investment letter from the relevant transferee substantially in the form set out in the Agency Agreement (an '**IAI Investment Letter**'); or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (A) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of (B) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period such certification requirements will no longer apply to such transfers.

(f) Transfers of interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of

the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

- (ii) to a transferee who takes delivery of such interest through a Legended Note:
 - (A) where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
 - (B) where the transferee is an Institutional Accredited Investor, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional Accredited Investor, together with a duly executed IAI Investment Letter from the relevant transferee; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Notes transferred by Institutional Accredited Investors to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC, Euroclear or Clearstream, Luxembourg, as appropriate, and the Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(g) Exchanges and transfers of Registered Notes generally

Holders of Registered Notes in definitive form, other than Institutional Accredited Investors, may exchange such Notes for interests in a Registered Global Note of the same type at any time.

(h) Definitions

In this Condition, the following expressions shall have the following meanings:

‘Distribution Compliance Period’ means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

‘Institutional Accredited Investor’ means ‘accredited investors’ (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions;

‘Legended Notes’ means Registered Notes in definitive form that are issued to Institutional Accredited Investors and Registered Notes (whether in definitive form or represented by a Registered Global Note) issued to QIBs which bear certain legends regarding U.S. restrictions on transfer;

‘QIB’ means a ‘qualified institutional buyer’ within the meaning of Rule 144A;

‘**Registered Global Note**’ means a Regulation S Global Note or a Rule 144A Global Note;

‘**Regulation S**’ means Regulation S under the Securities Act;

‘**Regulation S Global Note**’ means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

‘**Rule 144A**’ means Rule 144A under the Securities Act;

‘**Rule 144A Global Note**’ means a Registered Global Note representing Notes sold in the United States to QIBs in reliance on Rule 144A or otherwise in private transactions exempt from the registration requirements of the Securities Act; and

‘**Securities Act**’ means the United States Securities Act of 1933, as amended.

3. Status of the Notes and Negative Pledge

(a) Status of the Senior Notes

The Senior Notes and the relative Receipts and Coupons constitute direct, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and (with the exception of obligations in respect of national and local taxes and certain other statutory exceptions) equally with all other unsecured and unsubordinated obligations of the Issuer.

(b) Negative Pledge relating to the Senior Notes

So long as the Senior Notes or any relative Receipts or Coupons remain outstanding, the Issuer will not secure by lien, pledge or other charge upon the whole or part of its assets or revenues any present or future Public Debt (as defined below) of the Issuer without at the same time securing the Senior Notes equally and rateably with such Public Debt or providing such other security as the Senior Noteholders may approve by an Extraordinary Resolution (as defined in the Agency Agreement). ‘**Public Debt**’ means any loan, debt, guarantee or other obligation which is represented by bonds or notes or other securities which have an initial life exceeding two years and which are capable of being listed on any stock exchange or over-the-counter or other similar securities market.

(c) Status and Subordination of the Subordinated Notes

The status and subordination of the Subordinated Notes is as set out in the applicable Final Terms.

4. Redenomination

(a) Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Principal Paying Agent, Euroclear and Clearstream, Luxembourg and, if applicable, Euroclear Nederland and at least 30 days’ prior notice to the Noteholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (i) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note and Receipt equal to the principal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Principal Paying Agent, that the then market

practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;

- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (iii) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Principal Paying Agent may approve) euro 0.01 and such other denominations as the Principal Paying Agent shall determine and notify to the Noteholders;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the '**Exchange Notice**') that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (v) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
 - (a) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal of the Notes represented by such Global Note; and
 - (b) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount;

and in each case multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding;

- (vii) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and
- (viii) such other changes shall be made to these Terms and Conditions as the Issuer may decide, after consultation with the Principal Paying Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro.

(b) *Definitions*

In these Terms and Conditions, the following expressions have the following meanings:

‘**Established Rate**’ means the rate for conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

‘**euro**’ means the currency of the member states of the European Union participating in the economic and monetary union pursuant to the Treaty;

‘**Redenomination Date**’ means (in the case of interest bearing Notes) a date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above which falls on or after the date on which the country of the specified currency first participates in the third stage of European economic and monetary union; and

‘**Treaty**’ means the Treaty on the Functioning of the European Union, as amended.

5. Interest

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest from and including the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Terms and Conditions, **Fixed Interest Period** means the Period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period or if, in the case of Notes in definitive form, no Fixed Coupon Amount is specified in the applicable Final Terms, such interest shall be calculated by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

‘Day Count Fraction’ means, in respect of the calculation of an amount of interest in accordance with this Condition 5(a):

- (i) if ‘Actual/Actual (ICMA)’ is specified in the applicable Final Terms:
- (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the ‘**Accrual Period**’) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
- (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (ii) if ‘30/360’ is specified in the applicable Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360.

In these Terms and Conditions:

‘Determination Period’ means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

‘sub-unit’ means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) *Interest on Floating Rate Notes and Index Linked Interest Notes*

(i) **Interest Payment Dates**

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an '**Interest Payment Date**') which falls on the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, '**Business Day**' means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and in any Additional Business Centre specified in the applicable Final Terms; and
 - (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London or any Additional Business Centre) or (2) in relation to any sum payable in euro, a day on which Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the '**TARGET2 System**') or any successor thereto is open.
- (ii) Rate of Interest

The Rate of Interest payable from time to time in respect of the Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), '**ISDA Rate**' for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the '**ISDA Definitions**') and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is the period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ('**LIBOR**') or on the Euro-zone inter-bank offered rate ('**EURIBOR**') for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), '**Floating Rate**', '**Calculation Agent**', '**Floating Rate Option**', '**Designated Maturity**' and '**Reset Date**' have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest pursuant to this subparagraph (B) in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(iii) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be less than such Minimum Rate of Interest and/or if it specifies a Maximum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be greater than such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and Calculation of Interest Amount

The Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the '**Interest Amount**') payable on the Floating Rate Notes or Index Linked Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

'**Day Count Fraction**' means, in respect of the calculation of an amount of interest in accordance with this Condition 5(b):

- (1) if 'Actual/Actual (ISDA)' or 'Actual/Actual' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (2) if 'Actual/365 (Fixed)' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (3) if 'Actual/365 (Sterling)' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

- (4) if 'Actual/360' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (5) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (6) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (7) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

- (v) Notification of Rate of Interest and Interest Amount.

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day (as defined below) following the commencement of the relevant Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression '**London Business Day**' means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

- (vi) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this paragraph (b) by the Principal Paying Agent or, if applicable, the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent, if applicable, the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Dual Currency Interest Notes*

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

(d) *Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

(e) *Accrual of Interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 14.

6. Payments

(a) *Method of Payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency; and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

(b) *Presentation of definitive Notes, Receipts and Coupons*

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against surrender of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States.

Payments of instalments of principal (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph (a) above against surrender of the relevant Bearer Note. Each Receipt must be presented for payment of the relevant instalment

together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes and Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note in bearer form becoming due and repayable prior to its Maturity Date, all unmatured Receipts and Talons (if any) appertaining thereto will become void and no payments in respect of any such Receipts and no further Coupons in respect of any such Talons will be made or issued, as the case may be.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Receipts, Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. Where any such Note is presented for redemption without all unmatured Receipts, Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require. A '**Long Maturity Note**' is a Fixed Rate Note in bearer form (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

(c) Payments in respect of global Bearer Notes

Payments of principal and interest (if any) in respect of Notes represented by any global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant bearer global Bearer Note against presentation or surrender, as the case may be, of such global Bearer Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of such global Bearer Note, distinguishing between any payment of principal and any payment of interest, will be made on such global Bearer Note by such Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

(d) Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the '**Register**') (i) where in global

form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, ‘**Designated Account**’ means the account maintained by a holder with a Designated Bank and identified as such in the Register and ‘**Designated Bank**’ means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the ‘**Record Date**’) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in registered form in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for payment in such Specified Currency for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) General provisions applicable to payments

The holder of a global Note shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of

Notes represented by such global Note must look solely to Euroclear and/or Clearstream, Luxembourg or DTC, for his share of each payment so made by the Issuer to, or to the order of, the holder of such global Note. No person other than the holder of such global Note shall have any claim against the Issuer in respect of any payments due on that global Note.

Notwithstanding the foregoing, U.S. dollar payments of principal and interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)) if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(f) Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to any further interest or other payment in respect of such delay. For these purposes (unless otherwise specified in the applicable Final Terms), ‘**Payment Day**’ means any day which, subject to Condition 9, is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) the relevant place of presentation; and
 - (B) any Additional Financial Centre specified in the applicable Final Terms;
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (2) in relation to any sum payable in euro, a day on which the TARGET2 System or any successor thereto is open; and
- (iii) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

(g) Interpretation of Principal and Interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8;

- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Instalment Notes, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount as defined in Condition 7; and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

7. Redemption and Purchase

(a) At Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note, including each Index Linked Redemption Note and Dual Currency Redemption Note, will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

(b) Redemption for Tax Reasons

If so specified in the applicable Final Terms, Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes, Index Linked Interest Notes or Dual Currency Interest Notes) or on any Interest Payment Date (in the case of Floating Rate Notes, Index Linked Interest Notes or Dual Currency Interest Notes), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable) if, on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes. Notes redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption at the Option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar,

(both of which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**‘Redeemed Notes’**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear, Clearstream, Luxembourg, DTC and/or Euroclear Nederland, in the case of Redeemed Notes represented by a global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **‘Selection Date’**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least 5 days prior to the Selection Date.

(d) Redemption of Notes at the Option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days’ notice or such other period of notice as is specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 7(d) in any multiple of their lowest Specified Denomination. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

If the Notes are in definitive form and held outside Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption of the Notes its holder must deliver such Notes at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (the **‘Put Notice’**) and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b). If this Note is represented by a global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a global Note, at the same time present or procure the presentation of the relevant global Note to the Principal Paying Agent for notation accordingly. If this Note is in definitive form and not held through Euroclear or Clearstream, Luxembourg, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If Investor Put – Change of Control is specified in the applicable Final Terms, the following provisions will apply. If there occurs a Change of Control (as defined below) and within the Change of Control Period (as defined below) a Rating Downgrade (as defined below) in respect of that Change of Control occurs (together called a **‘Put Event’**), the holder of each Note will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice to redeem the Notes under Condition 7(b)) to require

the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Optional Redemption Date (as defined below) at its principal amount together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Optional Redemption Date.

'Rating Agency' means Moody's Investor Service Limited or Standard and Poor's Rating Services, a division of McGraw-Hill Companies, Inc. and their respective successors or any other rating agency of equivalent international standing specified from time to time by the Issuer.

A **'Rating Downgrade'** shall be deemed to have occurred in respect of a Change of Control (i) if within the Change of Control Period any rating previously assigned to the Issuer or any Notes by any Rating Agency is (x) withdrawn or (y) changed from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse) or (z) (if the rating assigned to the Notes by any Rating Agency shall be below an investment grade rating (as described above)) lowered one full rating category (from BB+ to BB or such similar lower or equivalent rating), or (ii) if at the time of the Change of Control there is no rating assigned to the Notes or the Issuer and no Rating Agency assigns during the Change of Control Period an investment grade credit rating (as described above) to the Notes (unless the Issuer is unable to obtain such a rating within such period having used all reasonable endeavours to do so and such failure is unconnected with the occurrence of the Change of Control) provided, in each case, that a Rating Downgrade otherwise arising by virtue of a particular change in rating, or failure to obtain an investment grade rating (as described above) shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in or withdrawing the rating, or failing to award an investment grade rating (as described above), to which this definition would otherwise apply does not confirm that the withdrawal, reduction or such failure was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control.

A **'Change of Control'** shall be deemed to have occurred at each time (whether or not approved by the Management Board or Supervisory Board of the Issuer) that any person or persons (**'Relevant Person(s)'**) acting in concert or any person or persons acting on behalf of any such Relevant Person(s), at any time directly or indirectly or acquire(s) or come(s) to own (A) more than 50 per cent. of the issued ordinary share capital of the Issuer or (B) such number of the shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of shareholders of the Issuer.

'Change of Control Period' means the period ending 90 days after the occurrence of the Change of Control.

The **'Optional Redemption Date'** is the seventh day after the last day of the Put Period.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **'Put Event Notice'**) to the Noteholders in accordance with Condition 14 specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the option contained in this Condition 7(d).

To exercise the option to require redemption or, as the case may be, purchase of a Note under this Condition 7(d) in relation to a Change of Control, the holder of that Note must deliver such Note, on any Business Day (as defined in Condition 5) in the city of the specified office of the relevant Paying Agent, falling within the period (the **'Put Period'**) of 45 days after a Put Event Notice is given, to any Paying Agent, as well as a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **'Put Notice'**) and in which the holder may specify a bank account to which payment is to be made under this Condition 7(d). The Paying Agent to which such Note and Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt (a **'Receipt'**) in respect of the Notes so delivered. Payment by the Paying Agents in respect of any Notes so delivered shall be made either to the bank account duly specified in the relevant Put Notice or, if no account was so specified, by cheque on or after the Optional Redemption Date against presentation and surrender of such Receipt at the specified office of any Paying Agent. A Put Notice once given shall be irrevocable.

(e) *Early Redemption Amount*

For the purpose of paragraph (b) above and Condition 10, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable to a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (ii) in the case of a Zero Coupon Note, at an amount (the '**Amortised Face Amount**') calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

'**RP**' means the Reference Price; and

'**AY**' means the Accrual Yield; and

'**y**' is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for Redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

- (iii) in any other case, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at their nominal amount.

(f) *Instalments*

Instalment Notes will be repaid in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(g) *Partly Paid Notes*

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

(h) *Purchases*

The Issuer or any of its subsidiaries may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmaturing Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

(i) *Cancellation*

All Notes which are redeemed will subject to paragraph (i) above forthwith be cancelled (together with all unmaturing Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (i) above (together with all

unmatured Receipts and Coupons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be re-issued or resold.

(j) Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. Taxation

All payments of principal and interest in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will, depending on which provision is specified in the applicable Final Terms either:

- (a) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Notes, Receipts or Coupons, as the case may be, and shall not pay any additional amounts to the holders of the Notes, Receipts or Coupons; or
- (b) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:
 - (i) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with The Netherlands other than the mere holding of such Note, Receipt or Coupon or the receipt of principal or interest in respect thereof; or
 - (ii) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who would not be liable or subject to the withholding or deduction by making a declaration of non residence or other similar claim for exemption to the relevant tax authority; or
 - (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day; or
 - (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of

November 26th-27th, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (v) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the ‘**Relevant Date**’ means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

9. Prescription

The Notes, Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of five years after the date on which the relevant payment first becomes due.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

10. Events of Default

If any one or more of the following events (each an ‘**Event of Default**’) shall have occurred and be continuing:

- (i) there is failure for more than 14 days in the payment of any principal or interest in respect of any Note when and as the same is due to be paid; or
- (ii) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure continues for a period of 30 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (iii) the Issuer fails in the due repayment of borrowed money in an amount which exceeds €50,000,000 (or its equivalent in other currency or currencies) and such failure continues for a period of 14 days after notice of such failure has been received by the Issuer or the Issuer fails to honour a guarantee or indemnity in respect of an amount in excess of €50,000,000 (or its equivalent in other currency or currencies) and such failure continues for a period of 14 days after notice of such failure has been received by the Issuer, provided however always that in each case no Event of Default shall be deemed to have occurred if the Issuer is contesting its liability in good faith or shall have been ordered not to make such payment by a competent court; or
- (iv) the Issuer becomes bankrupt or subject to a ‘*surséance van betaling*’ or an order is made or an effective resolution is passed for the winding-up or liquidation of the Issuer (except if such order or resolution is made or passed for the purposes of any merger, consolidation or reconstruction in the case where either (a) prior consent thereto has been given by Extraordinary Resolution of the Noteholders or (b) the surviving or resulting company assumes all of the rights and obligations of the Issuer with respect to the Notes); or
- (v) the Issuer ceases to carry on substantially the whole of its business except for the purposes of any merger, consolidation or reconstruction in the case where either (a) prior consent thereto has been given by Extraordinary Resolution of the Noteholders or (b) the surviving or resulting company assumes all of the rights and obligations of the Issuer with respect to the Notes;

then each Noteholder may by written notice to the Issuer, at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare the principal of and all interest accrued on its Notes to the date of payment to be forthwith due and payable, and the same shall become immediately due and payable, unless prior to the time when such written notice is received all such defaults have been cured.

The applicable Final Terms may specify any variations to the above Events of Default in the case of an issue of Subordinated Notes.

11. Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. Agents

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (i) so long as the Notes are listed or admitted to trading on any stock exchange, there will at all times be a Paying Agent, which may be the Principal Paying Agent, (in the case of Bearer Notes) and a Transfer Agent, which may be the Registrar, (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);
- (ii) there will at all times be a Paying Agent with a specified office in a city in a member country of the European Union;
- (iii) there will at all times be a Principal Paying Agent and a Registrar;
- (iv) there will at all times be a Paying Agent with a specified office situated outside The Netherlands;
- (v) so long as any of the Registered Global Notes are registered in the name of a nominee for DTC, there will at all times be an Exchange Agent with a specified office in New York City; and
- (vi) the Issuer will ensure that it maintains a Paying Agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 6(e). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent. In the case of a change of any of the Paying Agents, a notice will be published in accordance with Condition 14.

13. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

14. Notices

All notices regarding the Bearer Notes shall be published (i) in at least one daily newspaper of wide circulation in The Netherlands, (ii) if so specified in the applicable Final Terms, in a leading English language daily newspaper of general circulation in London and (iii) if and for so long as the Bearer Notes are listed on Euronext Amsterdam, by the delivery of the relevant notice to Euronext Amsterdam and through a press release which will also be made available on the website of the Issuer (www.kpn.com). In the case of (ii) above, it is expected that any such publication will be made in the Financial Times in London. Any such notice will be deemed to have been given on the date of the first publication in all the newspapers and/or other channels through which such publication is required to be made.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange and the rules of the relevant authority of that stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules and regulations of that stock exchange.

Until such time as any definitive Notes are issued, there may (provided that, in the case of any publication required by a stock exchange, that stock exchange agrees), so long as the global Note(s) is or are held in its or their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for publication in some or all of the newspapers referred to above, the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Where the identity of all the holders of the Notes is known to the Issuer, the Issuer may (provided that, in the case of any publication required by a stock exchange, that stock exchange agrees) give notices individually to such holders in lieu of publication as provided above.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together in the case of any Note in definitive form with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar via Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

Whilst any of the Notes are represented by a global Note deposited with Euroclear Nederland, the Issuer, the Agents and Euroclear Nederland shall mutually agree on such rules for form and contents of communications between them as they may deem practical for the purpose of giving effect to these Terms and Conditions.

15. Meetings of Noteholders, Modification and Waiver

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or certain provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, Receipts or Coupons), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Receipts, the Coupons or the Agency Agreement which is not materially prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

16. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17. Substitution of the Issuer

- (a) The Issuer (which for the purpose of this Condition, save where the context requires otherwise, includes any previous substitute of the Issuer) under this Condition may and the Noteholders, the Receiptholders and the Couponholders hereby irrevocably agree in advance that the Issuer under this Condition may at any time substitute any company (incorporated in any country in the world), of which more than 90 per cent. of the shares or other equity interest carrying voting rights are directly or indirectly held by the Issuer, as the principal debtor in respect of the Notes (any such company, the '**Substituted Debtor**'), provided that:

- (i) such documents shall be executed, and notices be given, by the Substituted Debtor and the Issuer as the Principal Paying Agent may deem reasonably necessary to give full effect to the substitution and pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder, Receiptholders and Couponholders to be bound by these Terms and Conditions and the provisions of the Agency Agreement as the principal debtor in respect of the Notes, Receipts and Coupons in place of the Issuer;
- (ii) in accordance with and subject to Condition 8, no taxes or duties shall be required to be withheld or deducted at source in the territory where the Substituted Debtor is incorporated, domiciled or resident (unless the withholding or deduction would be borne by the Substituted Debtor, in which case sub-clause (b) of Condition 8 shall apply);
- (iii) all necessary governmental and regulatory approvals and consents for such substitution and for the giving by the Issuer of the Guarantee (as defined below) in respect of the obligations of the Substituted Debtor shall have been obtained and be in full force and effect;
- (iv) Condition 10 shall be deemed to be amended so that it shall also be an Event of Default under the said Condition if the Guarantee (as defined below) shall cease to be valid or binding on or enforceable against the Issuer;

and (if the Substituted Debtor is not the Issuer) upon the Notes, Receipts and Coupons becoming valid and binding obligations of the Substituted Debtor, the Issuer undertakes that it will irrevocably and unconditionally guarantee in favour of each Noteholder, Receiptholder and Couponholder the payment of all sums payable by the Substituted Debtor as such principal debtor (such guarantee of the Issuer to be substantially in the form scheduled to the Agency Agreement and herein referred to as the ‘**Guarantee**’).

- (b) The Substituted Debtor shall forthwith give notice of the substitution to the Noteholders, the Receiptholders and the Couponholders in accordance with Condition 14.

18. Governing Law and Submission to Jurisdiction

The Agency Agreement, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, the laws of The Netherlands.

The Issuer irrevocably agrees, for the benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of Amsterdam are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and/or the Coupons) and accordingly submits to the exclusive jurisdiction of the Amsterdam courts.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

DESCRIPTION OF THE COMPANY

All references to ‘we’, ‘us’ and ‘our’ in the description of the Company set out below on pages [89-122] of this Prospectus are references to the Company.

Certain references in the section below (included in the form of footnotes) have been made to information published by third parties. The relevant publications that have prepared and published the information are sources that the Issuer believes to be reliable, but neither the Issuer nor any Dealer takes any responsibility for the accuracy thereof. Such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by the relevant publications, no facts have been omitted which would render the reproduced information inaccurate or misleading.

SELECTED FINANCIAL INFORMATION

Summary of Historic Financial data

The following tables show our selected historical financial data for the years ended December 31, 2008 through 2009. The financial statements (*jaarrekening*) for the year 2009 are subject to adoption by the general meeting of shareholders of KPN to be held on April 13, 2010.

Our Consolidated Financial Statements for the years 2009 and 2008 have been prepared in accordance with International Financial Reporting Standards (‘IFRS’) as adopted by the European Union.

This table should be read together with ‘Financial and operating review’ and our Consolidated Financial Statements and the Notes thereto, included in the 2009 Annual Report.

Amounts in millions of euro, except for shares and per share data		
	2009	2008
Income Statement Data		
Revenues	13,451	14,427
Other income	58	175
Operating profit	2,850	2,597
Profit before income tax	2,036	1,887
Profit attributable to equity holders	2,178	1,332
Earnings per ordinary share and per American Depositary Share (ADS) (non-diluted) ⁽¹⁾	1.33	0.77
Earnings per ordinary share and per ADS on a fully diluted basis ⁽¹⁾	1.33	0.76
Weighted average number of outstanding ordinary shares	1,638,558,191	1,739,181,536
Weighted average number of outstanding ordinary shares on a fully diluted basis	1,643,178,385	1,745,114,096
Balance Sheet Data		
	December 31, 2009	December 31, 2008
Total assets	24,851	23,913
Non-current liabilities	15,756	14,357
Non-current provisions and deferred tax liabilities	2,406	2,943
Shareholders' equity	3,838	3,730
Group Equity	3,841	3,759
Share capital (including Share premium)	9,190	10,061
Number of subscribed shares	1,628,855,322	1,714,362,792

1) Please refer to Note 8 of the Consolidated Financial Statements in our 2009 Annual Report for a discussion on the method used to calculate profit or loss per share.

INFORMATION ABOUT THE ISSUER

History and development of the issuer

Koninklijke KPN N.V. was incorporated under the laws of The Netherlands on January 1, 1989. On June 28, 1998 our name was changed from Koninklijke PTT Nederland N.V. to Koninklijke KPN N.V. We have our corporate seat in The Hague, The Netherlands. We are registered under number 02045200 at the Commercial Register of the Chamber of Commerce, The Hague, The Netherlands, and our executive offices are located at Maanplein 55, 2516 CK The Hague, The Netherlands. Our telephone number is +31 (0)70 4460986.

KPN is domiciled in The Netherlands and operates under the laws of The Netherlands. Our subsidiaries, where applicable, operate under the laws of the various jurisdictions in which they carry on business.

Our main objectives, as described in article 4 of our Articles of Association, are to participate in and to manage other enterprises and companies, including companies that operate in the field of the transmitting, storing and converting of information, as well as to manage and dispose of information and to let our subsidiaries carry out the concessions or licenses that are granted by the government in the field mentioned above. Our Articles of Association are accessible at the Chamber of Commerce.

KPN was incorporated with two main subsidiaries: PTT Telecom B.V., offering telecommunications services, and PTT Post B.V., serving as the primary postal company in The Netherlands. In the period from incorporation until the listing of our shares on Euronext Amsterdam in June 1994, the State of The Netherlands was our sole shareholder. As of the end of 2006, the State held no interest in our outstanding shares, down from a 7.76% interest as of the end of 2005.

The demerger of our mail, express and logistics business operations to TNT Post Group was completed in 1998. In November 1999, we transferred our mobile business to a separately incorporated subsidiary, KPN Mobile N.V. KPN Mobile issued new shares to NTT DoCoMo in August 2000, as a result of which NTT DoCoMo held a 15% interest in KPN Mobile. In connection with a financial restructuring of KPN Mobile in December 2002, NTT DoCoMo elected not to exercise its anti-dilution rights, resulting in a decrease of its interest to 2.16%. In October 2005, we purchased NTT DoCoMo's remaining interest in KPN Mobile N.V.

In the period from 2000 to 2002, we acquired E-Plus and BASE, mobile network operators in Germany and Belgium, respectively. Following these acquisitions and the purchase of UMTS licenses, KPN initiated a refinancing program. The refinancing included share offerings in 2000 and 2001 and the sale of certain non-core assets.

In October 2005 we acquired Telfort, a Dutch mobile network operator. In March 2006, we acquired Nozema, a Dutch broadcast services company. In September 2006, KPN reached an agreement with Tiscali SpA regarding the acquisition of their Dutch operations. In June 2007 the deal was finalized for consideration of EUR 236 million.

KPN agreed to merge its international voice wholesale business into iBasis, a VoIP and international wholesale provider. In October 2007 KPN acquired 51% of iBasis, in exchange for the KPN Global Carrier Services business unit and USD 55 million in cash. On December 21, 2009, KPN successfully completed its tender offer for the outstanding shares it did not already own. The final offer amounted to USD 3.00 per share in cash, or approximately USD 93 million in total. In October 2007, KPN acquired Getronics, an international provider of ICT services and solutions, based in The Netherlands. Furthermore, KPN acquired Tele2/Versatel, a Belgian service provider for voice, internet and data to residential, business and carrier customers.

Over the last several years, KPN has also disposed of a number of businesses; please see ‘*Other notes to the Consolidated Financial Statements*’ in the 2009 Annual Report for more information.

Recent developments

On January 22, 2010, KPN announced that it has entered into an agreement to acquire the remaining minority stake of 35% in Ortel Mobile from its founders. KPN already owns 65% following the acquisition in March 2008. KPN believes that full ownership will assist Ortel Mobile in reaching its operational and strategic objectives. Furthermore it will accelerate the expansion of Ortel Mobile to new markets.

On January 26, 2010, KPN announced its EUR 1 billion share repurchase program for full year 2010. The share repurchase program has already commenced and will run until the end of the year, if not terminated early.

KPN has taken notice of two decisions by OPTA, fining KPN for a total of about EUR 1.3 million for allegedly providing unlawful discounts or lock-in arrangements to business customers in the years 2006-2008. KPN does not agree with OPTA’s view and will appeal these decisions. Being market leader in the Netherlands, specific services of KPN have been regulated by OPTA. KPN is aware of its duties and does its utmost to comply with the rules. Difference of opinion between KPN and OPTA generally occurs when customers take both regulated and non-regulated services. KPN knows that OPTA is currently investigating similar cases of alleged discounts from the period before the Compliance Charter, which will also be appealed by KPN.

Investments

Commitments as of December 31, 2009

Amounts in millions of euro	December 31, 2009	December 31, 2008
Commitments by virtue of:		
Capital expenditure commitments	485	508
Rental and operational lease contracts	2,078	1,905
Guarantees	210	180
Purchasing commitments	1,099	801
Other commitments	12	11
Total commitments	3,884	3,405

Rental and operational lease contracts

For buildings, the majority of contracts include options for renewal and rental fees that are subject to a yearly indexation. Some contracts give KPN an option to buy the property when the landlord wants to sell that property.

For site rentals and radio site contracts, the majority of agreements include an option for renewal of the contract and rental fees that are subject to a yearly indexation percentage. In addition, the majority of contracts can be cancelled by KPN only, with a notice period of 12 months.

The total costs of operating leases and rental contracts totalled EUR 560 million in 2009 (2008: EUR 369 million) and is included in ‘other operating expenses’ in the Consolidated Income Statement. These operating lease and rental commitments mainly relate to property, plant and equipment.

Guarantees

These commitments mainly consist of financial obligations of Group companies under certain contracts guaranteed by KPN.

Purchase commitments

The increase in purchase commitments relates to new supplier contracts entered into during 2009 such as energy contracts and IT suppliers. KPN intends to continue to benefit from the telecommunication and technology expertise of The Dutch Organization for Applied Scientific Research Informatie- en Communicatie-technologie ('TNO') in order to support the technological innovations required for KPN's business. The total remaining commitments until December 31, 2011, amount to EUR 20.7 million.

BUSINESS OVERVIEW

Introduction

KPN is the leading telecommunications and ICT service provider in The Netherlands, offering wireline and wireless telephony, internet and TV to consumers, end-to-end telecommunications and ICT services to business customers. KPN's subsidiary Getronics operates a global ICT services company with a strong position in the Benelux, offering end-to-end solutions in infrastructure and network-related IT. In Germany and Belgium, KPN pursues a multi-brand strategy in its mobile operations and holds number three market positions through E-Plus and BASE. KPN provides wholesale network services to third parties and operates an efficient IP-based infrastructure with global scale in international wholesale through iBasis.

At December 31, 2009, KPN served over 41.2 million customers, of which 33.4 million were in wireless services, 4.7 million in wireline voice, 2.5 million in broadband Internet and 1 million in TV. With 20,755 FTEs in the Netherlands (33,148 FTEs for the whole group), KPN reported full-year revenues of EUR 13.5bn and an EBITDA of EUR 5.2bn in 2009.

CONSUMER SEGMENT

KPN offers consumers a complete portfolio of services, consisting of Voice, Internet and TV services. KPN provides this portfolio on both its mobile and fixed networks. KPN's strategy in the Consumer Segment focuses on strengthening its position as the leading consumer service provider. KPN's main objectives are a continued focus on its customers, halting the decline of traditional fixed line customers and a simplification in the brand portfolio. With regard to the latter, KPN has effectively made the transition to four key brands in 2009: KPN, Telfort, XS4ALL and Hi.

- KPN is the quality brand for the general Dutch market, offering a complete portfolio built around its solid and trustworthy image;
- Telfort targets the price sensitive customer, offering clear and low-priced fixed and wireless products;
- XS4ALL is Consumer Segment's high-end broadband provider aiming at customers with heavy (quality) demands; and
- Hi targets young people with a dedicated wireless portfolio focussing on social networking capabilities.

In the last quarter of 2009, Het Net has been phased out and existing customers have been migrated to the KPN brand.

Wireline Services (Internet, Telephony and TV)

In a mature and competitive broadband market, KPN managed to consolidate its market position. The phasing-out of KPN's ISP brand 'Het Net' had a slightly negative effect on churn and broadband market share. Helped by a minor acquisition of AOL's Dutch customer base, KPN Consumer Segment maintained its strong broadband market share. The KPN brand (including Het Net) became the largest Dutch broadband provider, ending the year with 1.8 million customers. The total customer base of all brands together increased to almost 2.6 million in 2009. XS4ALL enjoyed the highest qualification from the Dutch Consumer Organization (*Consumentenbond*), based on a variety of aspects such as the quality of the Internet connection and the number of distortions.

KPN continues to address the loss of traditional fixed lines through its multi-brand propositions and retention program. This includes, for example, the migration of customers to the integrated internet and telephony offers from the KPN, Telfort, and XS4ALL brands.

KPN's basic TV proposition – Digitenne – and premium TV product – IPTV – have gained considerable market share and KPN intends to continue this trend. Many customers value either the simplicity and ease of use of Digitenne or the extensive capabilities such as Video on Demand and recording services of IPTV. In 2009, Digitenne and IPTV reached nearly 1 million customers, providing critical mass and strengthening KPN's TV market share. At the end of 2009, the deployment of VDSL-CO started. This increased the capacity of the network considerably and by mid 2010, KPN can offer many customers the possibility to watch HDTV.

In December 2009, KPN announced its commitment to a regional fiber roll-out. KPN will deploy a mix of infrastructures going forward with fiber, copper (VDSL-CO) and wireless. KPN aims to reach 1.1 to 1.3 million homes (homes passed) with 'Fiber-to-the-Home' ('FttH') by 2012. It is expected that this will result in 600 to 800 thousand users (active customers) on fiber (FttH and Fiber-to-the-Curb ('FttC')). The combined technology approach with VDSL and fiber offers KPN the optimal balance between investments and returns.

Wireless Services (Mobile and Wholesale)

KPN continued to be successful in managing its wireless customer base for value. Both in customer numbers and in revenue terms, Consumer Segment consolidated its market leadership, with a slightly lower base market share but a revenue market share that remained strong. This is the result of a customer acquisition approach focused on value and a disciplined attitude towards subscriber acquisition costs (SAC/SRC). With regard to mobile data, KPN sees a heavy increase in the usage of internet services on mobile devices. Not only are KPN's customers using more smart phones, there is also an increase in the usage of mobile internet cards.

KPN has transferred its Dutch Mobile Wholesale activities from the Mobile International Segment to the Consumer Segment as of January 1, 2009. Mobile Wholesale successfully exploits KPN's extended and high quality mobile infrastructure offering Mobile Virtual Network Operators ('MVNO's') reliable and attractively priced opportunities in the Dutch market.

Environment and Competition

As for competition, Consumer Segment faced ongoing pressure in all key business lines. Cable companies continued to promote VoIP and high-speed broadband services, packaged with their digital TV products. New initiatives from DSL players on the broadband and IPTV market also affected market conditions. Furthermore, wireless competition remained high due to ongoing commercial activity from Vodafone and T-Mobile. Overall, industry pricing pressure and customer acquisition efforts have intensified across most product and service categories and market segments. This is expected to continue in the face of the economic downturn. As broadband penetration approached a saturation point, DSL and cable-operators have

intensified their activities to compete on speed and price to differentiate their product offerings. Despite this background, Consumer Segment's leading position in the Dutch telecom market was maintained in 2009.

BUSINESS SEGMENT

KPN offers its business customers a complete portfolio of services, from voice and internet (wireline and wireless) to a range of data network services, workspace management and data center services. The strategic focus of the Business Segment is to remain the leading managed ICT service provider through a focus on customer demand, a migration to IP-based services and cost reductions. The largest clients were transferred to Getronics in 2009. The Business Segment primarily generates revenues from Voice Wireline, Wireless and Data Network Services. In Voice & internet wireline, KPN offers fixed-line telephony access services over analogue lines ('PSTN'), digital lines ('ISDN') and increasingly over IP-based connectivity ('VoIP'). With respect to wireless services, KPN offers a wide range of mobile communications solutions. There is a clear customer demand for wireless e-mail solutions (BlackBerry, Windows Mobile) and Mobile Internet Cards. Finally, KPN offers a wide range of Data/Network communication services from traditional data services to modern Virtual Private Network services (such as IP-VPN, Ethernet VPN) and Internet Access Services. KPN provides its business customers also with the Getronics and ApplicationNet portfolio, e.g. workspace, datacenter and consultancy services. With a proactive approach towards new market opportunities, the Business Segment is able to fulfil its 'Back to Growth' objectives by providing those services that customers demand. The Business Segment aspires to reach its strategic goals by focussing on five tactical themes:

1. Service through customer focus

KPN aims to be the leader in customer loyalty. Using the Net Promoter Score ('NPS') concept, customer insights have resulted in fundamental changes in 2009. The ambition to stand out as a service company is achieved by focusing on a personal approach and offering the best solutions for customers. With the introduction of the Customer Relationship Management way of working ('OneCRM'), over 1,800 KPN and Getronics employees work together, enabling them to use an integral view of customer contacts for service and sales purposes.

2. Bundled IP-based services

Business customers are gradually migrating to IP-based services. This will create opportunities for KPN to bundle a variety of products and services in an integral solution to business customers. In this way logical combinations are created that enable business customers and their employees to work more productively. With the introduction of 'ZIPB' in the SME market KPN offers a fixed-mobile combination with a toolbar in outlook that allows the customer to be reached anytime, anywhere.

3. Mobility solutions

In a highly competitive market, KPN managed to maintain the largest market share in the Netherlands for Mobile Voice and a gain in Mobile Data by offering an embedded Mobile Internet Card (*Dongel*) standard with a laptop. Customer loyalty increased substantially due to major improvements in the mobile delivery process. In 2010 KPN will extend its mobility efforts as it is an important topic for the Netherlands and for KPN. The New Way of Working (*Het Nieuwe Werken*) combines elements that allow customers to implement solutions that support their business objectives and allow for growth.

Mobile flexibility helps customers to ensure corporate sustainability, attract a new workforce and work on mobility management. Through offering customers managed value propositions integrating both telecoms and ICT, KPN is able to secure a sustainable position.

4. Best-in-class margins through operational excellence

KPN's focus on reducing complexity and investing in a better customer experience in 2009 resulted in cost reductions while maintaining customer loyalty. A landmark change was achieved in assisting business clients with relocating offices. Where, using lean process redesigns based on radical simplification, KPN established a major increase in productivity, employee and customers satisfaction. In 2010, breakthrough initiatives will continue to be high on the agenda. The 'Service Excellence' program is expected to further improve the channel performance and thus delivering a trustworthy experience across channels that is above expectations.

5. Growth in new areas

On January 1, 2009, the major ICT related units have been migrated to Getronics, accelerating the 'moving up the value chain' strategic objective. The Business Segment continues to pursue growth in areas such as online services, machine-to-machine, and health care. Through partnering with parties like Menzis and Philips, KPN offers a complete e-health experience.

Environment and Competition

KPN is the largest provider in the traditional voice access market. There is continued competitive pressure from Direct Access and Carrier Select and Carrier Preselect competitors, although KPN's position remains stable. The main threat to traditional voice access, however, is substitution by mobile telephony as well as the migration to VoIP services, both strategic focus points for KPN.

Increasing broadband penetration in the market for small enterprises threatens KPN's traditional voice access services (PSTN and ISDN), where KPN encounters competition from cable operators offering VoIP solutions bundled with broadband Internet. The demand for mobile data services continues to grow strongly. KPN launched its mobile data portfolio with its successful marketing campaign '*Dongel of KPN*'. The main competitors of KPN in the wireless business market are Vodafone and T-Mobile. Within Data/Network services KPN is the leading provider in the Dutch business market both in terms of revenues and in terms of number of connections. In addition, KPN offers data services in Europe through the KPN EuroRings network as well as worldwide through its partners. Competitors in the data communications services market include Tele2/Versatel, Verizon Business, Orange Business Services, BT, AT&T Business, Colt, Essent, UPC, TNF and BBNed. KPN's competitors invest in the construction of Backbone infrastructures in the Netherlands and in local networks in large Dutch cities, comparable to the CityRings network. Local government fiber initiatives also increased the competitive pressure within the Netherlands and introduced new competitors.

In 2009, the Business Segment continued to be the number one partner for communication infrastructure services in the Netherlands. Communication services have become more multi-purpose and more personal. Customers can rely on KPN's trustworthy infrastructure and customer oriented approach towards end-users and workspace solutions. By focusing on value creation for the customer and cost, KPN invests in long term profitable relationships as part of its 'Back to Growth' ambition. Despite the financial crisis, KPN is still on track with EBITDA-growth in the Business Segment.

GETRONICS

Getronics is the ICT services company of KPN. In 2009 the integration of Getronics with parts of the Business Segment in the Netherlands has been completed. This ensures maximum service quality/focus for the largest clients now and in the future. Getronics strives to strengthen its position in the Benelux in ICT services and consulting. To achieve this goal, Getronics offers end-to-end solutions centered around workspace management, connectivity solutions and data centers. The Getronics Consulting unit complements its product portfolio with additional professional services.

Workspace Management

As business becomes increasingly web-enabled, and as new models for the commissioning and use of IT and telecommunications emerge, service companies are changing too. Getronics is increasingly acting and perceived as a service integrator, offering its clients a single point of contact for multi-sourced ICT services. Getronics is an acknowledged expert in workspace design and management. This expertise is captured in its standardized and successful Future Ready Workspace offer. Getronics meets the business needs to provide the workforce with a secure and flexible workspace in support of the New Way of Working. This embraces fixed and mobile work-styles, and places a special emphasis on collaboration. Getronics workspace services are focused on three areas:

- Collaboration – with a focus on mail, conferencing, agenda and information sharing;
- Support – using self-service, remote assistance and on-site as required; and
- Devices – for PCs, printers, handhelds and local network equipment.

Getronics can provide workspace management on almost any scale at any location. Getronics achieves this through innovative service models which combine web-enabled self-service and remote intervention with a traditional field service presence. All services are rigorously standards-based. Besides its presence in the Benelux, global coverage is offered through the Getronics Workspace Alliance launched during 2009. The seven founder members of the Alliance are Getronics, CompuCom (USA and Canada), TecnoCom (Spain), APX (France), Getronics Middle East, ServiceOne Getronics (China) and NTT Data Getronics (Japan). This core membership is supplemented through a network of Alliance associates to ensure full global coverage. The Alliance manages over 6 million ICT assets worldwide, of which Getronics is directly responsible for 2.4 million.

Connectivity Services

Next step up from the Workspace Services requires connectivity services that enable companies to exchange information effectively and securely. World class connectivity between employees, customers, partners and suppliers has become business-critical as media-rich communication achieves increasing business penetration. Getronics Connectivity Services focus on:

- Personal connectivity ensuring that individual employees have the connectivity they need to perform;
- Enterprise connectivity sustaining the connectivity needed for all enterprise process and information exchange; and
- Client relationships making sure that all networked customer interaction with the enterprise is secure and reliable.

The integrated capabilities of Getronics and KPN ensure secure and high-performance connectivity for all voice and data communications. Getronics is committed to excellence and innovation in connectivity, confirmed by its acquisition of a majority stake in video-conferencing specialist Talk & Vision in 2009.

Data Center

The data center becomes the motor for business in a web-connected world. The fundamental importance of the datacenter for Getronics is reflected in the deepening integration with KPN: in January 2009, Getronics assumed responsibility for all KPN datacenter resources and managed security capabilities. In the Getronics portfolio, data center services are structured according to three families of activity:

- Systems managing assets, servers and physical facilities;

- Security ensuring that all security and access is effectively planned and managed; and
- Availability delivering business, application and information availability to agreed standards.

Consulting Services

Getronics Consulting Services are driven by the desire to improve workforce productivity at acceptable cost. This objective looks at both an organization's IT staff and at non-IT staff. Getronics Consulting uses formal, standards-based tools and methods to undertake meaningful analysis and produce practical and executable recommendations. Its Information Worker Profiler, for example, helps an IT department establish improvement and transformation programs which take into full consideration the need to respond differently to the requirements of different employee communities. Effective innovation is a perennial challenge and Getronics Consulting is an expert in helping to exploit trends and evaluate the risks and opportunities presented by emerging technologies.

Environment and Competition

More and more companies are anticipating further convergence of telecommunications and IT, achieving significant benefits by sourcing all related services from a single vendor. The combination of Getronics' business with KPN has transformed the existing ICT business by giving critical mass and expertise to become the ICT partner for a widened client base in key territories. The ongoing trend in the ICT industry towards globalization has resulted in consolidation within the ICT industry. Notwithstanding this consolidation, the ICT industry in Europe remains fragmented. The markets in which Getronics operates are intensely competitive and undergo continuous change. Competitors can differ significantly depending upon the market, client and geographic area and include a broad spectrum of ICT services companies, ranging from systems integrators to outsourcing providers and consulting companies, such as IBM, Atos Origin, CapGemini, BT and T-Systems. As the industry is changing towards an environment where managed services are becoming more relevant, parties delivering or aiming to deliver these services are also entering the competitive landscape. At the same time competitors are also at times contracting each other to service large contracts. Globally, Getronics is positioned as the number five provider and joined with the Getronics Workspace Alliance, Getronics ranks number three globally.

WHOLESALE & OPERATIONS

The Wholesale & Operations Segment provides network services to both internal KPN segments and external Wholesale customers with a strong emphasis on operational excellence. Through Wholesale & Operations, KPN operates an open access model and is a dedicated wholesale partner for all providers that need connections to their clients.

Wholesale and Operations offers national wholesale services through KPN carrier services and facilitates all infrastructure needs of both KPN's Consumer Segment and Business Segment. Carrier Services also provides other telecommunication companies access to end solutions on nationwide fixed and mobile networks. Both KPN's traditional network, as well as its new expanding fiber network, enables customers to connect their end users to new products and services. Access services includes a wide range of connection options, such as giving access to the 'last mile' of the KPN network, enabling different operators to connect the homes or offices of their customers and letting customers communicate with end users connected to the KPN network. The All-IP access network allows significantly faster broadband. Carrier Services offers IP-solutions to wholesale customers targeting the consumer market as well as the business market (with equal conditions to all the network and service providers). KPN's aim is to use the fiber network to its full capacity. In addition to different access solutions, KPN also offers voice, internet and television platforms, making it possible for service providers to enter without large investments. Also part of this segment is Real Estate services which focuses on the sale of real estate as well as managing all facility management services for internal KPN segments.

KPN's infrastructure is going through a radical change. By migrating to fiber and pro-actively rolling-out an All-IP network KPN aims to become a highly efficient 'Best-in-Class' network operator. Furthermore, KPN focuses on accommodating the increasing capacity requirements in coming years on both its mobile and fixed networks.

KPN is a top player in the international wholesale voice market through iBasis. On December 21, 2009, KPN successfully completed the tender offer for the outstanding shares in iBasis not already owned by KPN. iBasis carries international voice and data traffic originating both inside and outside of the Netherlands to any place in the world. iBasis can help customers succeed with a range of global termination products that provide flexibility of coverage and features to fit their requirements. Data services are primarily handled by the Business Segment (KPN EuroRings).

The international wholesale voice business has become a commodity business that requires low-cost infrastructure and the efficiencies that come from massive scale. With its global footprint and around 20 billion minutes of international voice traffic annually, iBasis is one of the bigger carriers of international voice traffic in the world. Its main competitors in the wholesale voice business are Verizon, AT&T, Tata, and Deutsche Telekom. iBasis offers customers the scale and efficiencies they need to provide high-quality international phone service to be more profitable. iBasis pioneered the use of the Internet for high-quality voice transmission, developed patented and patent-pending proprietary technology for managing efficiency and quality in voice routing and back office support systems. In addition to scale, technology leadership and a global network footprint, iBasis has important strengths in two of the fastest-growing segments of global telecommunications: mobile services and consumer VoIP.

Wholesale & Operations infrastructure

All-IP Network

Telecommunications services depend on a core network for the transfer of data or voice information. The ongoing growth in bandwidth and services requires continuous development in design and capabilities. As part of KPN's strategy to achieve a leading position in the broadband market and develop new communication services, services and networks based on IP and broadband are rolled out. KPN expects IP and broadband to become dominant and mainstream within the industry and to replace all current services and networks. KPN develops and upgrades its networks to enable the introduction of new IP and broadband services. In many areas where KPN has not yet achieved fiber coverage, it will start to offer customers VDSL from the Central Office (VDSL-CO) as intermediate step to offer higher bandwidth and HDTV. For an explanation of the terms used, reference is made to the Glossary of Terms starting on page 150 of this Prospectus.

Fiber Network

One of the key components of KPN's future network is the roll-out of a fiber network, either to the Curb (FttC) or to the Home (FttH). The roll-out of KPN's FttH network is done by Reggefiber Group B.V. in which KPN has a minority share of 41%. The other shares are held by Reggeborgh B.V. KPN has the possibility to increase its share in Reggefiber B.V. through call/put arrangements at a later stage, if Reggefiber B.V. reaches specific milestones. KPN has started with tests in 2x5 cities and these initiatives have been evaluated end of 2009. Based on the evaluation, KPN has communicated its access strategy for the near future. KPN believes that FttH is the long-term superior technology and will proceed with FttH roll-out in the Netherlands. The FttH pilots show promising commercial results so far.

Reggefiber Group B.V. has increased its Homes Passed ('**HP**') base to approximately 500 thousand. The ambition is to further expand the HP base to 1.1 to 1.3 million in 2012.

With Fiber-to-the-Office ('**Ftto**'), KPN has rolled out fiber to 19 business parks by the end of 2009, with further roll-out driven by market demand. In the core network the roll-out of transmission capacity and

Ethernet nodes is ongoing, which will enable new consumer, business and wholesale broadband services like IPTV, Ethernet VPN and Wholesale Ethernet services. Actions are being taken in KPN's networks to migrate to more cost-effective solutions like Ethernet and IP; this will contribute to KPN's ability to offer new broadband services. After extensive testing, KPN introduced VoIP business services on the IMS platform allowing a growing number of business customers to use the advantages of VoIP.

TV Services and DVB-T Network

On the TV-platform, MPEG4 compression techniques are being introduced to achieve better image quality and more TV-channels for customers. After the completion of the DVB-T roll-out for the Digitenne TV service in 2008, in 2009 quality improvements were implemented. These include some changes in DVB-T transmitter locations needed due to the increase of signal interference from neighbouring countries. A set-top-box with antenna wizard functionality was introduced helping new customers during the installation of the Digitenne TV service. KPN's DVB-T Digitenne network provides 77% indoor coverage (outdoor coverage: 90%). The coverage of the DVB-H Mobile TV network remained in 2009 with 65% indoor coverage and 80% outdoor coverage.

Wireless Network

The total mobile voice traffic in KPN's network grew by 3% in 2009; about 20% of this traffic is carried by the UMTS network. Mobile data continued growth at about 130%, this growth was tempered by applying strict fair use policies to limit excessive data usage by a minority of the customers. To facilitate this growth, ultimo 2009 45% of the UMTS sites were connected by fiber optics. UMTS roll-out was increased to 500 sites to reach national coverage, comparable to KPN's GSM coverage. UMTS coverage ultimo 2009 reached 99.3% population coverage and 95.5% area coverage; the best UMTS coverage of all Dutch operators. Also the HSDPA 7.2 coverage was further extended and HSDPA 14.4 was launched.

The quality of KPN's mobile networks improved further in 2009. The call success rate of GSM reached all-time high target values. The call success rate of UMTS for the first time equalled the GSM level but KPN will further improve the quality for customers using sophisticated mobile phones. In 2009 special focus was put on the network coverage and performance on highways and railways resulting in significantly less dropped calls in these areas. In 2009 the mobile core network migration to a state-of-the-art IP based core network was almost finished. As from 2010 the last migrations of corporate customer's data links to the new network will take place and the last legacy systems will be phased out which should result in significantly lower operational costs for the core network.

The tables below show the number of active base stations, the average network usage as well as the coverage ratios of each of KPN's networks in the Netherlands as of December 31, 2009:

Active base stations ¹	
2.5G sites	4,700
3G sites	3,500
Total sites	8,200
Average network usage ¹	
Usage – as % of capacity	95% (GSM)
Network coverage ratios ¹	
GSM network	
Outdoor – as % of population	99.9%
Outdoor – as % of area	99.0%
Indoor – as % of population	99.0%
UMTS network	
Outdoor – as % of population	99.3%
Outdoor – as % of area	95.5%

1) GSM and UMTS antenna in the same location are counted as separate sites.

GERMANY

In Germany, through the E-Plus Gruppe, KPN is in the market with the Challenger strategy offering 'value for money' mobile services. Specific market segments are targeted through multiple own brands and wholesale partnerships with strong brands and distribution channels.

The E-Plus Gruppe continues to expand its strong distribution through own and partner shops, online distribution and exclusive wholesale channels (more than 8,300 retail outlets in Germany). The E-Plus Gruppe has a focus on regionalization, expanding the addressable market by moving into geographical regions and market segments that are currently underrepresented. The network roll-out is based on those services that consumers desire, with a strong focus on return on capital employed.

Under the E-Plus brand, a range of propositions are offered to the consumer and SME/SoHo markets. These propositions include bundled packages for consumers, such as 'Time & More' or 'Zehnsation Classic' with a minimum monthly commitment and 'Free & Easy' prepaid packages. For the SME/SoHo market, E-Plus offers 'Professional' packages (S, M, L, XL). In addition to standard mobile services, a wide range of value added voice and data services are offered under the E-Plus brand, such as SMS, GPRS and UMTS.

E-Plus embarked on its multi-brand strategy with the launch of new brands featuring innovative tariff structures: BASE offered the first flat-fee package on the German mobile market, Simyo was the first web-only prepaid mobile operator, Ay Yildiz the first tailor-made offering for Turkish-speaking people. Additionally, Vybe Mobile was launched to target youth interested in music and SMS. Wholesale solutions for an increasing number of partners are offered which act as branded resellers, including Medion, blau and Ortel and MVNOs like Versatel, NetCologne and Ecotel. In 2009 new partnerships were started with WAZ and BVB.

Environment and Competition

Four mobile network operators, all holding GSM and UMTS licenses, are currently active in the German mobile telecommunications market: T-Mobile, Vodafone, E-Plus and O2. The two largest mobile telecommunications providers, T-Mobile and Vodafone, hold an estimated combined service revenue market share of approximately 69% (2008: 70%). In recent years, E-Plus was successful in growing its service revenue market share, reaching an estimated share of 15.5% in the fourth quarter of 2009.

In addition, numerous independent service providers in Germany package and sell products and services from various network operators under either the network operators' brand or private labels. Some of these service providers operate exclusively with one network operator, while others offer competing products and services. In all cases, service providers sell to both business and private customers. The main German service providers are Freenet/Mobilcom and Victor Vox.

Infrastructure in Germany

The current network roll-out is focused on achieving maximum synergies among GSM/GPRS and UMTS, for example with respect to infrastructure and transmission. Re-utilization of 2.5G-enabled infrastructure in certain areas may provide a substantial part of the basic infrastructure.

The network roll-out is based on customer demand for services. E-Plus is investing in data networks where demand is accelerating, benefiting from increased capabilities of equipment and lower costs. A combination of EDGE and UMTS technologies is sufficient to meet current mass market demand. The EDGE network has been expanded and current coverage is 90% of the population. Additionally, the roll-out of HSPA has started in focus cities with strong demand.

For further expansion and technical upgrade of the mobile network E-Plus has selected ZTE Corporation to supply HSPA-enabled equipment. The Chinese telecoms equipment provider will support in all aspects of E-Plus' customer-oriented voice and data network strategy, focusing investment in the right technology at the right time.

Frequency auction

On October 12, 2009, the advisory committee ('*Beirat*') of the German Regulator approved the initial proposal for the upcoming spectrum auctions in Germany which is envisaged for the second quarter 2010. The auction shall in total comprise 360 MHz of simultaneously offered spectrum, consisting of 800 MHz spectrum (the 'digital dividend' which was freed up from broadcasters and which is connected with coverage obligations to provide broadband services to rural areas), 1800 MHz, 2100 MHz and 2600 MHz spectrum. In its auction design, the regulator has not limited the bidding rights for the 1800, 2100 and 2600 MHz spectrum. As to the 800 MHz spectrum, the regulator has however imposed a general spectrum cap of (2x) 20 MHz for spectrum below 1 GHz on every bidder. This means that, in the bids for 800 MHz spectrum, existing GSM900 spectrum assignments shall be taken into account. E-Plus and O2 are using (2x) 5 MHz of GSM900 spectrum so that the regulator has allowed each of them to additionally bid for (2x) 15 MHz of 800 MHz spectrum. Deutsche Telekom and Vodafone are using (2x) 12.4 MHz of GSM900 spectrum. Each of them has nevertheless been allowed to additionally bid for (2x) 10 MHz of 800 MHz spectrum. Consequently, Deutsche Telekom and Vodafone can each obtain (2x) 22.4 MHz of spectrum below 1 GHz and therefore 2.4 MHz more than other bidders. E-Plus and a number of other parties filed lawsuits against the auction and its design.

The tables below shows the number of active base stations, the average network usage as well as the coverage ratios of each of KPN's networks in Germany as of December 31, 2009:

Active base stations	
2.5G sites	18,804
3G sites	6,616
Total sites	25,420
Average network usage	
Usage – as % of capacity	53% (GSM)
Network coverage ratios	
2.5G network	
Outdoor – as % of population	99.9%
Outdoor – as % of area	99.2%
Indoor – as % of population	88.4%
3G network	
Outdoor – as % of population	62.5%

BELGIUM

In Belgium, through KPN Group Belgium, KPN aims to continue its profitable growth based on the proven Challenger strategy. KPN Group Belgium employs a regional approach (Brussels, Flanders, Wallonia) with a heavy focus on distribution through its own channels and wholesale partners (more than 1,000 retail outlets). KPN Group Belgium deploys a selective data network roll-out driven by customer demand.

KPN Group Belgium offers a portfolio of voice and data products and services in Belgium that offer 'value for money' and simplicity to its customers. It is positioned as an innovator in products and services via a segmented, multi branded approach. The brands BASE, Simyo, Ay Yildiz, BASE business and Zoniq are commercialized.

On April 20, 2009, a new product portfolio was launched, combined with a relaunch of the BASE brand. The latter focuses on core values like simplicity, flexibility, transparency and honesty. The products are offered based on a simplified tariff plan, with one prepaid offer and four postpaid offers. KPN Group Belgium further continues to expand its partnerships. In this respect a partnership was built with RTL-TV i which resulted in the ‘Allo RTL’ offer which was launched on June 24, 2009. RTL TV i is member of the international RTL Group and the most popular TV channel in the French speaking part of Belgium. Through this popular media partner, customers are targetted in Wallonia with a trusted brand and a very competitive offer.

As from October 1, 2009, the TELE 2 brand was replaced by the BASE brand. All consumer focused products (mobile, fixed and ADSL) are now offered to the consumer market under the BASE brand. This change further intensified the convergence between both product portfolio’s and opened new opportunities to renew the existing product offers.

Environment and Competition

As in previous years, KPN Group Belgium remains by far the leading partner to MVNO’s in Belgium. The key competitors in the Belgian mobile communication market are Belgacom Mobile (Proximus) and Mobistar. Belgacom Mobile is a wholly-owned subsidiary of Belgacom, the incumbent telecommunications provider in Belgium. France Telecom holds a majority equity interest in Mobistar. Belgacom Mobile remains the market leader in Belgium with Mobistar, as the runner-up, at a clear distance. KPN Group Belgium, being the third-largest provider, is the challenger in the Belgian mobile market.

Infrastructure in Belgium

The current network roll-out is focused on achieving maximum synergies among GSM/GPRS and UMTS, for example with respect to infrastructure and transmission. Re-utilization of 2.5G-enabled infrastructure in certain areas may provide a substantial part of the basic infrastructure.

KPN Group Belgium further increased the capacity, quality and coverage of its 2.5G-enabled network. In the current market environment, the focused 3G strategy, a combination of EDGE and targeted UMTS/HSPA is sufficient to meet mass market demand on mobile data services in Belgium. KPN Group Belgium today has an EDGE network with national coverage. In addition, the UMTS/HSPA network was commercially launched in December 2009.

3G HSPA services are introduced in several focus cities. 3G HSPA will be systematically rolled out in line with increasing demand for mobile data services.

On October 8, 2009, Mobistar and KPN Group Belgium announced an agreement to expand their mobile telecommunication networks jointly. The agreement will allow the operators to acquire and build new sites jointly, with a positive impact on network coverage in view of new environmental standards. The agreement will result in a more rapid deployment of mobile telecommunication networks and better services for customers.

KPN Group Belgium, together with E-Plus in Germany, has selected ZTE Corporation to supply HSPA enabled equipment. This will allow the company to plan a faster roll-out of HSPA in Belgium.

The tables below show the number of active base stations, the average network usage as well as the coverage ratios of each of KPN’s networks in Belgium as per December 31, 2009:

Active base stations ¹	
2.5G sites	2,941
3G sites	558
Total sites	3,499

Average network usage ¹	
Usage – as % of capacity	34% (GSM)
Network coverage ratios ¹	
2.5G network	
Outdoor – as % of population	99.9%
Outdoor – as % of area	98.0%
Indoor – as % of population	98.2%
3G network	
Outdoor – as % of population	>50%
1) GSM and UMTS antenna in the same location are counted as separate sites.	

REST OF WORLD

The Rest of World segment includes KPN Spain, KPN France, Ortel Mobile and Yes Telecom. In Spain and France KPN is implementing its successful challenger business model by leveraging its own low-cost/no-frills brands and partner brands.

Currently KPN has launched own brands in Spain and France and ten partner brands in Spain. Simyo remains the flagship own brand with a healthy mix of prepaid and postpaid customers, next to the blau brand (in Spain) and Ay Yildiz (in France). KPN does not operate its own network in Spain and France, instead KPN is partnering with local operators (respectively Orange SA and Bouygues Telecom). KPN does not intend to expand to new markets until there is proven success in these two countries.

Ortel Mobile particularly focusses on customers in the cultural segments in the Netherlands, Germany and Belgium. Market conditions in the cultural segment remain tough due to competitors' ongoing price promotions targeted at gaining market share. On January 22, 2010, KPN announced the acquisition of the remaining 35% in Ortel. KPN believes that full ownership will assist Ortel in reaching its operational and strategic objectives.

Research and development

KPN is working on innovative solutions for its customers: new services, products and processes.

For Information about the technological developments regarding KPN's networks, reference is made to the section titled *Wholesale & Operations Infrastructure* above.

Intellectual property

KPN's current portfolio of intellectual property rights consists of approximately 25 registered core trademark and 400 patent families. KPN continues to invest in the growth of its intellectual property rights portfolio, among others through KPN's targeted long term research and development program in close cooperation with TNO Telecom. KPN's R&D expenditures with TNO Telecom amounted to EUR 13 million in 2009 which is about 20% of KPN's research spending in 2009. KPN takes the necessary steps to protect its intellectual property rights and generates value from these rights where appropriate. In order to protect these rights, KPN currently uses a combination of patents, trademarks, service marks, trade secrets, copyrights, database protection, confidentiality agreements with its employees and third parties and protective contractual provisions. Approximately 25 of the patents which KPN owns are declared essential for the commercial exploitation of telecom communication technology and services. KPN entered into license agreements with a number of suppliers related to these and other KPN patents.

REGULATORY DEVELOPMENTS

Telecommunications regulations are, to a large extent, based on EU regulations and directives, but the application is national and depends on national market characteristics. Therefore the regulatory treatment of KPN's activities in different countries varies. KPN chooses a pro-competition strategy in all countries where it is active.

Regulation of access to next generation access networks

Following regulatory approval of the strategic partnership with Reggeborgh B.V. (in the joint venture Reggefiber B.V.) by the NMa and the simultaneous publication of OPTA's regulatory approach for access to FttH networks in December 2008, KPN tested both FttH and FttC networks commercially. In December 2009, KPN published the results of these commercial tests and its plans for the way forward on (fiber) next generation access networks. As part of the evaluation, KPN stated that the regulation by OPTA does not provide incentives for KPN to roll out FttH networks, but KPN also does not anticipate impediments for further roll-out.

KPN has decided to further roll-out FttH networks and expects to pass 30 – 60% of Dutch homes in the medium term. This bandwidth is based on several conditions, amongst which regulatory and competitive developments. The business case for further successful roll-out will depend on various regulatory variables, such as the possibility to develop a Wholesale Broadband Access business over these networks, the pricing of wholesale copper services, the ability to develop a customer base via (temporary) wholesale line rental via cable networks, the ability to develop wireless services in the Dutch market and more general political considerations surrounding next generation access networks.

Market analyses decisions fixed markets (the Netherlands)

On January 1, 2009, new regulatory obligations following the broadband and fixed telephony market analyses by OPTA came into force. These obligations will, in principle, remain in place for the three-year period until and including 2011. These decisions are characterized by deregulation of the end-user markets. However, KPN's wholesale obligations have been tightened to facilitate this deregulation. Also, OPTA introduced symmetry in fixed call termination rates. The decision on radio transmission markets was completed in January 2009 and the decision on broadcasting markets in March 2009.

KPN has lodged appeals against (six out of eight of) these decisions to the Trade and Industry Appeals Tribunal (*College van Beroep voor het bedrijfsleven* or *CBb*). The grounds of appeal are focused on two main issues which play a prominent role in most of the decisions:

1. Existing wholesale remedies (with regard to unbundled access, wholesale broadband access and leased lines) have been extended from copper to fiber (FttH as well as FttO), except for an obligation for wholesale broadband access on (FttH). According to KPN, the accumulation of wholesale obligations is in conflict with the aim of promoting investment, competition and innovation with regard to fiber access networks. KPN considers these obligations inappropriate in the very competitive Dutch infrastructure markets (mainly with competing cable operators).
2. The introduction of a rule of conduct (so called '*gedragsregel 5*') ensuring that KPN's wholesale and retail pricing do not lead to a margin squeeze preventing efficient market entry. OPTA has imposed a highly disaggregated test, requiring that the revenues from each service and customer (i.e. contract) are higher than the incremental costs of supplying that service and customer. KPN advocates a higher level of aggregation, allowing for greater flexibility for recovery of common costs across all services and customers in the relevant market (in accordance with general competition law and involving far less implementation costs).

Other providers have also submitted appeals, calling for stricter regulatory obligations to be imposed on

KPN. On October 28, 2009, the CBb annulled OPTA's market analysis decision on the unbundled local loop market upon KPN's appeal and ruling that in defining the relevant market, OPTA wrongly – at any rate without sufficient grounds – included unbundled local loop access to FttO (ODF access) and FttH networks (ODF access) in the same product market. The CBb ordered OPTA to reach a new decision within six months, while keeping the obligations imposed on KPN in respect of unbundled access to the copper local loops (MDF access, SDF access) and FttH in existence. The CBb's further decisions are still pending. On February 1, 2010, OPTA published a draft decision for consultation, in which – after an additional market analysis – it intends to reconfirm its earlier decision regarding unbundled local loop access.

The tariffs for KPN's wholesale services during the regulatory period 2009 – 2011 are part of two separate decisions on the Wholesale Price Cap. The first decision covering voice services and copper-based broadband services was only published on December 16, 2009. The decision results in lower wholesale unbundled product prices as well as prices for interconnecting leased lines over a three-year period. This decision will also be subject to appeal by KPN. The second decision covering fiber-based broadband services is expected to be published early in 2010.

Since March 2009 the two largest cable operators have been obliged to provide Wholesale Line Rental – Cable ('**WLR-C**'). UPC and Ziggo must provide the cable connection including the analogue TV signals to resellers. Next to WLR-C, cable operators must facilitate the distribution of digital TV signals, by providing access to their digital TV platforms or by providing access to network capacity. This obligation is expected to be operational by the second half of 2010. It is not yet clear whether KPN (as an operator with its own network) will be accepted as a reseller under the WLR-C obligations.

Market analyses decisions mobile markets (mobile call termination)

In Germany, Belgium and the Netherlands, KPN has been designated as having significant market power in the markets for call termination on its individual mobile networks. Apart from various obligations in relation to non-discrimination, transparency and the obligation to offer direct interconnection upon reasonable request, in all countries tariff regulation is part of the decisions of regulators.

The following table provides details of the current tariffs and the status of the decisions and expected amendments thereof:

Current status				Amendment expected by
The Netherlands				
OPTA decision of December 17, 2008 (appeal procedure still running).	Tariffs on January 1, 2009 (EUR/min)	Tariffs as of April 1, 2009 (EUR/min)	Tariffs as of July 1, 2009 (EUR/min)	OPTA is conducting new market analyses which is aimed at new tariff regulation by July 2010.
KPN/Telfort	9.0 ct	8.0 ct	7.0 ct	
Vodafone	9.0 ct	9.0 ct	7.0 ct	
Vodafone	9.0 ct	9.0 ct	7.0 ct	
Germany	Tariffs on January 1, 2009 (EUR/min)	Tariffs as of April 1, 2009 (EUR/min)		BNetzA will set new Mobile Terminating Access (' MTA ') tariffs which will be valid as of December 2010.
T-Mobile	7.92 ct	6.59 ct		
Vodafone	7.92 ct	6.59 ct		
E-Plus	8.80 ct	7.14 ct		
O2 (Germany)	8.80 ct	7.14 ct		
Belgium				
BIPT decision of December 18, 2007, suspended by Brussels Court of Appeal, BiPT. As a consequence	Tariffs on January 1, 2009 (EUR/min)			BIPT published its draft MTA regulation at the end of January 2010 for the period as of mid

former tariffs still applicable.				2010 and proposed to reduce the tariff in stages to EUR 1.07 ct as of January 1, 2013.
Base	10.41 ct			
Proximus	6.56 ct			
Mobistar	8.21 ct			

On May 7, 2009, the EU Commission published a Recommendation on the regulatory treatment of fixed and mobile termination rates. The Commission recommends to apply a 'pure LRIC approach' which would no longer take account of numerous costs which have so far been considered when setting MTA's and which should be based upon an 'efficient operator' having at least 20% market share. The Commission thereby recommends symmetrical tariffs to be applied unless there are persistently exogenous-induced asymmetric frequency endowments. Based hereupon, the Commission proceeds from the assumption that MTA's should decrease to 1.5 – 3 ct/min by the end of 2012. National regulatory authorities shall take 'utmost account' of this recommendation when setting MTA's. In the Netherlands and Belgium OPTA and BIPT are preparing cost models which include the approach of the Commission, but also cost modeling which does not exclude common costs. Decisions on tariffs, taking into account the outcome of these cost models, are in the second quarter of 2010 in the Netherlands. In Belgium, BIPT published its draft MTA regulation in January 2010 for the period as of the date of entry into force (mid 2010) and proposed to reduce the tariff in stages to EUR 1.07 ct as of January 1, 2013.

In Germany, BNetzA has set the MTA's for the distinct MNO's in separate administrative proceedings. These MTA's haven't been notified to the European Commission in advance. On June 25, 2009, the EU Commission initiated infringement proceedings against Germany because of BNetzA's reluctance to notify its draft MTA decisions to the Commission and the resulting danger of regulatory-induced distortions in the internal market.

BNetzA has consulted on a cost tool which will probably have to be filled by the distinct MNO's when they file their applications for new MTA's. Alternatively, the new MTA's could be set by relying on other cost information.

International roaming on mobile networks

The EU Roaming Regulation was amended effectively on July 1, 2009. Thereby the glide path for retail tariff reductions was extended. As from July 1, 2009, yearly reductions will be required until July 1, 2012. For calls made in other EEA (European Economic Area) countries, the tariffs are EUR 0.43, 0.40, 0.37 and 0.34. For calls received in other EEA countries, the reductions are EUR 0.19, 0.16, 0.13 and 0.10. Wholesale tariffs are set at EUR 0.26, 0.23, 0.20 and 0.17 on the same dates. For retail and wholesale billing as of July 2009 only actually utilized minutes on a per second basis can be billed, except for the first 30 seconds for retail billing.

For SMS, new maximum tariffs are set at EUR 0.11 retail and 0.04 wholesale as of July 1, 2009. For data roaming from July 1, 2009, the maximum wholesale tariff is EUR 1.00 per Mb. Retail data roaming tariffs are not regulated, but additional information obligations towards customers are introduced, which includes services for customers to set maximum billing levels for data roaming by July 1, 2010.

Licenses for mobile communications (the Netherlands)

In the Netherlands, KPN holds licenses for GSM900, DCS1800, UMTS, DVB-T (Broadcast) and a number of licenses of minor significance. The duration of the GSM900 license has been extended up to February 25, 2013. On that date the duration of the DCS 1800 licenses will also end and the Ministry of Economic Affairs has announced its intention not to extend this date. As a consequence a reallocation of the total 900 and 1800 spectrum will be necessary prior to that date. The policy for this spectrum re-allocation has not yet been

announced.

At a European level, the GSM Directive of 1987 was amended in July 2009 to allow alternative mobile standards on 900 frequencies. A subsequent decision of the Commission of October 2010 mandates member states to allow UMTS technology on the relevant 900 and 1800 frequencies by May 2010. Draft amendments of the regulation and the licenses were published by the Ministry of Economic Affairs for consultation in December 2009.

After examining the UMTS roll-out obligations, the Ministry imposed an injunction by duress with regard to the Telfort UMTS license in 2008. After re-examination, the Radio Agency (*'Agentschap Telecom'*, **'AT'**) concluded in May 2009 that the license requirements as interpreted by the AT had not been met by Telfort and that the first term of EUR 5 million became due and payable. KPN/Telfort appealed to the injunction, but a request for suspension thereof was denied by the Court of Rotterdam. Under the threat of another EUR 35 million to be paid, Telfort returned its UMTS license. The appeal procedure, however, will proceed, since KPN/Telfort contest the view of the AT on the way the license conditions were interpreted and measured. Simultaneously, the AT announced a similar treatment for the national Telfort DCS 1800 license, which was also returned. The policy for reallocation, this spectrum has not yet been announced.

The auction for the 2.6 GHz spectrum, originally planned for 2008, is now planned for the first half 2010. With regard to the 2.6 GHz auction, participation for all participants is restricted to avoid strategic acquisition of spectrum. The current mobile operators, KPN, Vodafone and T-Mobile, are restricted even further with the intention to accommodate new entrants in the mobile communications market. KPN has challenged this additional restriction.

Licenses for mobile communications (Germany)

In Germany, E-Plus holds licenses for GSM (operating in the DCS1800 frequency and in the GSM900 frequency band) as well as UMTS. In 2009, there have been two major and inter-linked spectrum issues:

Refarming

The opening up of the 900 MHz frequency band for a more flexible use such as UMTS900 (*'Refarming'*) has already been discussed for years.

Against the background of the persisting uneven spectrum assignment among the German mobile operators in the GSM900 band, only Deutsche Telekom and Vodafone could currently deploy UMTS900 technology in the GSM900 band. To prevent further competitive distortions, E-Plus has therefore repeatedly called for a redistribution of the GSM900 spectrum prior to a refarming during the last years. On October 12, 2009, the German regulator decided that the distinct mobile operators could apply for a refarming of GSM900 frequencies.

With respect to the requested redistribution of GSM900 spectrum, the regulator has nevertheless taken the view that, for the time being, the uneven spectrum assignment would not cause competitive distortions among the mobile operators so that it would currently see no necessity to redistribute frequencies. In December 2009, the regulator however announced that it would analyze the status of competition in the German mobile market (and the interlink between the underlying frequency endowments) in more detail within three months after the envisaged frequency auction (see below).

Frequency auction 2010

The frequency auction which was also decided upon on October 12, 2009, and which is envisaged for the second quarter of 2010 will in total comprise 360 MHz of simultaneously offered spectrum, consisting of 800 MHz spectrum (the *'digital dividend'* which was freed up from broadcasters and which is connected with coverage obligations to provide broadband services to rural areas), 1800 MHz, 2100 MHz and 2600

MHz spectrum.

In its auction design, the regulator has not limited the bidding rights for the 1800, 2100 and 2600 MHz spectrum. As to the 800 MHz spectrum, the regulator has however imposed a general spectrum cap of (2x) 20 MHz for spectrum below 1 GHz on every bidder. This means that, in the bids for 800 MHz spectrum, existing GSM900 spectrum assignments shall be taken into account. E-Plus and O2 are using (2x) 5 MHz of GSM900 spectrum so that the regulator has allowed each of them to additionally bid for (2x) 15 MHz of 800 MHz spectrum. Deutsche Telekom and Vodafone are using (2x) 12.4 MHz of GSM900 spectrum. Each of them has nevertheless been allowed to additionally bid for (2x) 10 MHz of 800 MHz spectrum. Consequently, Deutsche Telekom and Vodafone can each obtain (2x) 22.4 MHz of spectrum below 1 GHz and therefore 2.4 MHz more than other bidders. E-Plus and a number of other parties filed lawsuits against the auction and its design.

Licenses for mobile communications (Belgium)

In Belgium, KPN Group Belgium holds licenses for DCS1800, GSM 900 and UMTS. As a result of a decision of the Belgian regulator BIPT, KPN Group Belgium was granted, as of February 1, 2009, eight additional channels in the GSM900 band (CT1+ channels). Two additional channels in this band were granted to KPN Group Belgium as of January 1, 2010. Mobistar and Belgacom Mobile received on February 1, 2009, and January 1, 2010, respectively, an equivalent number of channels in the DCS1800 band.

On December 24, 2009, BIPT launched a consultation on new draft rules that lists some of the key conditions of a fourth UMTS license in Belgium and of the renewal of the GSM licenses of the mobile operators. The main elements of the draft legislation include:

- The renewal – in two phases – of the existing GSM licenses until 2021 in return for an additional license fee of approximately EUR 52 thousand per month for the 900/1800 MHz band. The Belgian Government wants to create a legal basis for imposing an additional license fee for the renewal of the GSM licenses. According to the plans of the Government, the operators can choose to pay the additional license fee either at the beginning of the renewal period or pro-rata on an annual basis;
- The auction in 2010 to a fourth UMTS operator of 5 MHz duplex in the 2.1 GHz band until March 2021 at a minimum license fee of approximately EUR 21 thousand per MHz and per month. After this auction, the fourth UMTS operator has a first and exclusive right to obtain additional 2.1 GHz spectrum and has also the possibility to obtain spectrum in the 900MHz/1800 MHz band;
- A frequency refarming of the 900/1800 MHz band in November 2015. Spectrum will be equally divided amongst existing operators; both Belgacom Mobile, Mobistar and KPN Group Belgium are scheduled to receive 10 MHz in the 900 MHz band and 20 MHz in the 1800 MHz band; and
- The auction in 2010 of 2.6 GHz-spectrum at a minimum license fee of EUR 2,778 per MHz per month. Both newcomers and existing operators can participate in the auction. Operators can obtain a maximum 20 MHz duplex in the 2.6 GHz band.

KPN Group Belgium disagrees with the imposition of an additional license fee for its GSM license, insofar as KPN Group Belgium considers that its GSM-license should be tacitly renewed until July 2018 at no additional license fee.

On December 28, 2009, BIPT announced that it was withdrawing its decision of November 25, 2008, not to automatically renew KPN Group Belgium's GSM license beyond July 2013. With this decision, BIPT anticipates the annulment of its 2008 decision by the Brussels Court of Appeal (similar decisions against Belgacom Mobile and Mobistar have already been annulled by the Court of Appeal).

The Belgian Government also intends to organize requests for proposals (so-called "beauty contests") for the

3.5 GHz and 10 GHz spectrum in 2010.

Legal intercept and data retention

Based on the EU Data Retention Directive, member states have implemented the obligation into national regulation to have available for public prosecution and national security purposes all traffic data. As of September 2009 the directive was implemented in the Netherlands. The retention period for traffic data related to fixed and mobile telephony is twelve months, for data related to the internet and e-mail the initial intended period of twelve months will be decreased to six months. The costs for data retention and securing the data are borne by the operators.

The directive is not yet been implemented in Belgium. Political consensus exists for implementation with a twelve month retention period. BIPT has launched a procedure to set the costs associated with data retention by operators. It is currently not determined if and to what extent the costs for data retention are to be borne by the operators.

In Germany, the transposition of the Data Retention Directive into national law has already been effective since 2008. There are, however, still a number of court cases pending, brought by different telecoms operators and a mass class action to the German Constitutional Court (*'Bundesverfassungsgericht'*), concerning the compatibility of the law with the German constitution. The decision of the Bundesverfassungsgericht is awaited for Spring 2010.

In the Netherlands the AT imposed a fine on KPN for not fulfilling its obligations in relation to lawful interception of outgoing e-mail. The fine was EUR 22,500 for five intercepting requests which were not correctly dealt with according to the AT and will be EUR 2,500 for each additional occurrence where KPN does not cooperate, with a maximum of EUR 50,000 in total. KPN appealed the decision, which appeal is ongoing.

LEGAL STRUCTURE

The following table sets out the name and jurisdiction of incorporation of, and our ownership and voting interest (if different) in, our principal operating subsidiaries and other principal interests as of December 31, 2009.

Name of Subsidiaries and other principal interests	Country of incorporation	Percentage ownership/ voting interest
KPN B.V.	The Netherlands	100.0
KPN EuroRings B.V.	The Netherlands	100.0
Infonet Nederland B.V.	The Netherlands	100.0
XS4ALL Internet B.V.	The Netherlands	100.0
iBasis Inc.	USA	100.0
Telfort B.V.	The Netherlands	100.0
E-Plus Nederland B.V.	The Netherlands	100.0
Reggefiber Group B.V.	The Netherlands	41.0
KPN Telecommerce B.V.	The Netherlands	100.0
SNT Deutschland A.G.	Germany	100.0*
KPN Mobile Holding B.V.	The Netherlands	100.0
E-Plus Mobilfunk Geschäftsführungs GmbH	Germany	100.0
– E-Plus Mobilfunk GmbH & Co.KG	Germany	22.5
KPN Mobile N.V.:	The Netherlands	100.0

* KPN sold SNT Netherlands and Belgium in October 2009

– KPN Mobile International B.V.	The Netherlands	100.0
– KPN Group Belgium N.V.	Belgium	100.0
– KPN Belgium N.V.	Belgium	100.0
– KPN Belgium Business N.V.	Belgium	100.0
– E-Plus Mobilfunk GmbH & Co.KG	Germany	77.5
– Ortel Mobile Holding B.V.	The Netherlands	65.0 [†]
– KPN Spain S.L.	Spain	100.0
– KPN France SNC	France	100.0
– NV Getronics Belgium SA	Belgium	100.0
– Getronics Ltda	Brazil	100.0
– Getronics Columbia Ltda	Columbia	100.0
– Getronics (Schweiz) AG	Switzerland	100.0
– Getronics Deutschland GmbH	Germany	100.0
– Getronics UK Ltd	United Kingdom	100.0
– Getronics Hungary Kft	Hungary	100.0
– Getronics Nederland B.V.	The Netherlands	100.0
– Tetraned B.V.	The Netherlands	100.0
– PR Call-2 B.V.	The Netherlands	100.0
– KPN CSS Telecom B.V.	The Netherlands	100.0
– Newtel Essence B.V.	The Netherlands	100.0
– KPN Outsourcing Services N.V.	Belgium	100.0
– Getronics Solutions (S) Pte Ltd	India	100.0

ORGANIZATIONAL STRUCTURE

KPN's organization in the Netherlands consists of five segments: Consumer, Business, Getronics, Wholesale & Operations and Other activities. The Segments for Consumer, Business and Getronics operate with a strong external customer focus; the Wholesale & Operations Segment provides network services to internal KPN segments and external Wholesale customers with a strong emphasis on operational excellence.

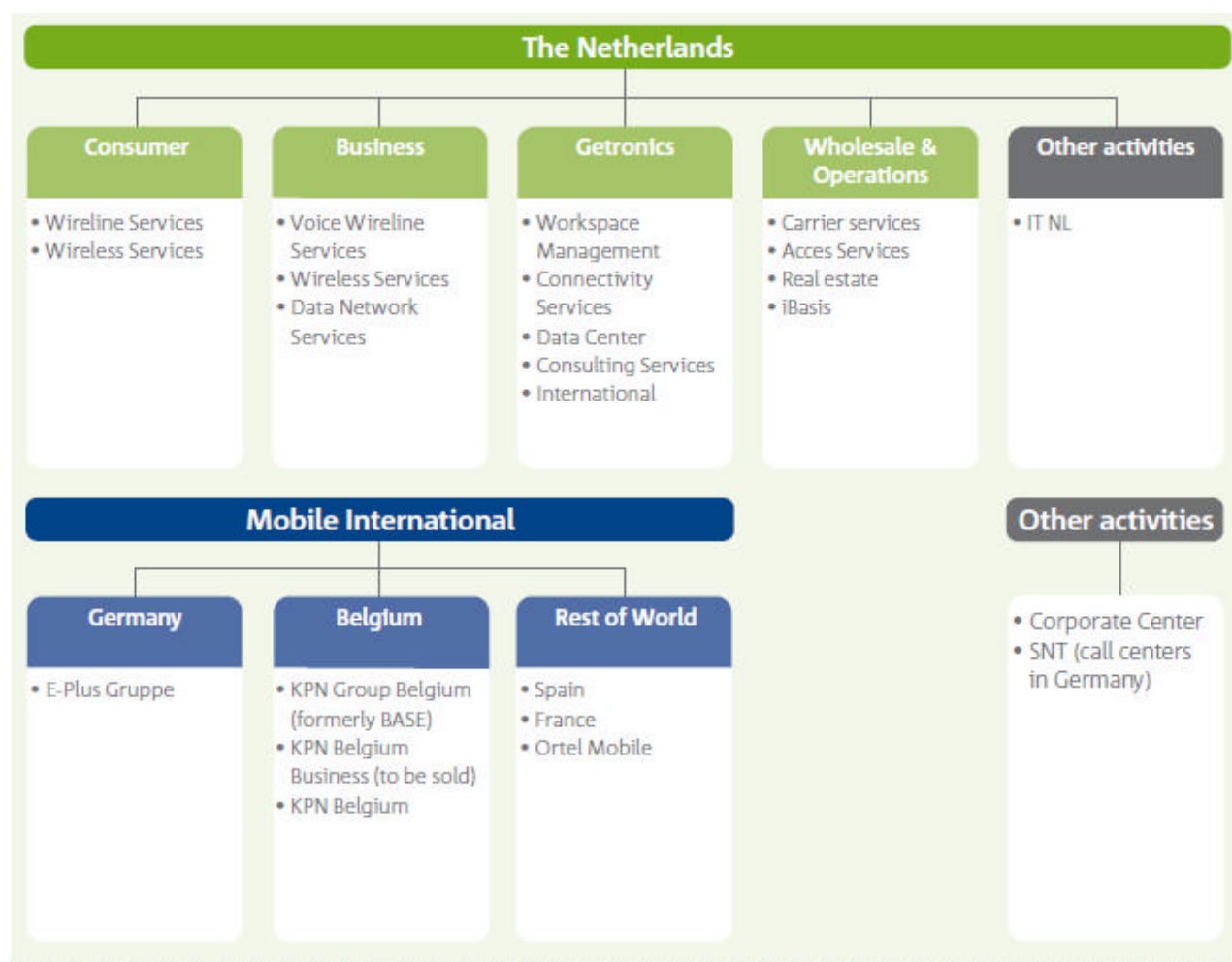
Outside the Netherlands, the Mobile International segment comprises the operations in Germany, Belgium and the Rest of World.

Other activities comprises the Corporate Center and the SNT call centers in Germany.

As of January 1, 2009, some organizational changes took place, of which the most important are the integration of certain units (Application Management Systems, Enterprise Communication Solutions and Corporate Solutions) of the Business Segment into Getronics, the migration of Mobile Wholesale NL to the Consumer Segment, the operations in Belgium reporting as one segment and the migration of SNT from the Consumer Segment to Other activities.

[†] KPN purchased the remaining 35% in January 2010.

The overview below reflects the organizational structure as of December 31, 2009.



ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Board of Management

The members of the Board of Management as at December 31, 2009, were:

Name	Position	Date of birth	Start of term	End of current term
A.J. Scheepbouwer	Chief Executive Officer	July 22, 1944	November 2001/2007*	2011
C.M.S. Smits-Nusteling	Chief Financial Officer	August 18, 1966	November 2009	2013
E. Blok	Managing Director Business, Getronics and Wholesale & Operations Segments	August 3, 1957	June 2006	2010
S.P. Miller**	Managing Director Mobile International	September 6, 1958	June 2006	2010
J.B.P. Coopmans	Managing Director Consumer Segment	February 9, 1965	September 2006	2010
* Reappointment.				
** Member until February 1, 2010.				

The Board of Management, supervised and advised by the Supervisory Board, manages KPN's strategic, financial and organizational matters and appoints senior managers. The Supervisory Board appoints and discharges members of the Board of Management and establishes their individual remuneration within the

boundaries of the remuneration policies approved by the Annual General Meeting ('AGM') and the recommendations by the Remuneration and Organizational Development Committee.

The Board of Management consisted of five members until February 1, 2010, and after this date of four members: the Chairman of the Board, the Chief Financial Officer, and the Managing Directors of the different segments.

A.J. Scheepbouwer

Mr. Scheepbouwer is Chairman of the Board of Management and Chief Executive Officer. As of February 1, 2010, Mr. Scheepbouwer is also responsible for Getronics.

Ad Scheepbouwer was appointed Chairman of KPN's Board of Management and Chief Executive Officer on November 1, 2001. His employment contract terminates on July 1, 2011. From 1976 to 1988, Mr. Scheepbouwer was President of the Airfreight division of Pakhoed Holding N.V. (Pandair Group). In 1988, he was appointed as Managing Director of PTT Post, then part of the Dutch national post and telecommunications operator, Koninklijke PTT Nederland N.V.

In 1992, Mr. Scheepbouwer joined the Board of Management of Koninklijke PTT Nederland N.V. In June 1998, the mail, express and logistics activities were demerged from Koninklijke PTT Nederland N.V. and incorporated as a separate Company, TPG N.V., of which he became Chief Executive Officer. From June 1998 until September 9, 2001, he was a member of KPN's Supervisory Board.

Mr. Scheepbouwer is currently chairman of the Supervisory Board of Havenbedrijf Rotterdam N.V., chairman of the Supervisory Council of the Maasstad Hospital and member of the Supervisory Board of, and an investor in, RFS Holland Holding B.V. Furthermore, until November 2008, Mr. Scheepbouwer was member of the Supervisory Board of Welzorg Group, and since November 2009 he is chairman of the Supervisory Board of Bank Oyens and Van Eeghen.

Mr. Scheepbouwer is also chairman of the Audit Committee 'Sleutelgebieden' of the Innovationplatform, member of the Advisory Councils of ECP.NL and the Rotterdam School of Management and chairman of the Economic Advisory Council for the city of Dordrecht. Furthermore, he is a member of the Board of the Foundation for the support of the Dutch Bach Association, member of the Supervisory Council of the Foundation for the National Art Collection and Ambassador 'Randstad Urgent' (Project International City The Hague).

C.M.S. Smits-Nusteling

Mrs. Smits-Nusteling is a member of the Board of Management and Chief Financial Officer.

Carla Smits-Nusteling was appointed as a member of the Board of Management on November 3, 2009. She assumed the responsibilities of Chief Financial Officer on September 17, 2009. Mrs. Smits-Nusteling joined KPN in 2000 and held various (financial) management positions. Most recently, she was Director of Corporate Control. Since May 2009, she was one of two interim CFOs. Before she joined KPN, she held various financial and operational management positions at TNT.

E. Blok

Mr. Blok is a member of the Board of Management and until February 1, 2010, he was Managing Director of the Business Segment, Getronics and Wholesale & Operations. As of February 1, 2010, Mr. Blok assumed responsibility for KPN's international operations, comprising of Mobile International and iBasis.

Eelco Blok was appointed as a member of the Board of Management on June 1, 2006, and was responsible for KPN's Fixed division until January 1, 2007. Since that date he was responsible for the aforementioned segments (Getronics as from October 2007).

Mr. Blok joined KPN in 1983 and had various management positions, including positions as director of KPN's Carrier Services, Corporate Networks and Fixed Net Operator, and he was responsible for Corporate Strategy & Innovation. Most recently he was Chief Operating Officer of KPN's former Fixed division. He was previously, from April until December 2004, a member of KPN's Board of Management. He is a member of the Supervisory Board of Reggefiber Groep B.V., of the Board of ICT-Office and will become chairman of the Board of iBasis (currently non-executive member). Until February 2009, he was a member of the Supervisory Board of Getronics N.V.

S.P. Miller

Mr. Miller was a member of the Board of Management and Managing Director Mobile International until February 1, 2010.

Stan Miller was appointed as a member of the Board of Management on June 1, 2006. Until January 1, 2007, he was (as Managing Director of the Mobile Division) responsible for all of KPN's activities in the Netherlands, Germany, Belgium and abroad. Since that date, until February 1, 2010, he was responsible for all KPN's Mobile International activities (outside the Netherlands). He was also responsible for the Group's M&A activities.

Mr. Miller held various senior management positions in the (pay) television, media and IT industry in South Africa and Europe, including M-Net (South Africa), MIH (the Netherlands/South Africa) and Nethold (the Netherlands). In November 1998, he was appointed CEO of KPN Orange, now BASE. Since then he has held various positions in KPN's mobile activities, including those of CEO of KPN Mobile the Netherlands and KPN Mobile International, and member of the Board of Management of KPN Mobile N.V. and Hutchison 3G UK Ltd. In May 2005 he was appointed CEO of KPN's international mobile activities, E-Plus and BASE. He was Chairman of the Supervisory Board of E-Plus and Chairman of the Board of BASE. He is a member of the advisory board of Tus Holding d.o.o. Slovenia.

J.B.P. Coopmans

Member of the Board of Management and Managing Director Consumer Segment and the IT division in the Netherlands. As of February 1, 2010, Mr. Coopmans responsibilities had been extended to the whole of KPN's Dutch Telco activities, covering not only the consumer market and IT, but also the business and wholesale markets and operations for wireline, wireless and television services.

Baptiest Coopmans was appointed as a member of the Board of Management on September 11, 2006. As of January 1, 2007, he was responsible for KPN's Consumer Segment in the Netherlands. Mr. Coopmans held various (commercial) management positions at Unilever. In 1998 he was appointed Managing Director of DiverseyLever. In September 2000 he was appointed chairman of the Board of IgloMora and as of 2004 he was chairman of the Board of Unilever in Mexico.

Supervisory Board

The Supervisory Board oversees strategic and organizational policy making by the Board of Management and the way in which it manages and directs KPN's operations and affiliated/associated companies. Members of the Supervisory Board are appointed by the AGM upon binding nomination by the Supervisory Board. The Central Works Council has the right to recommend persons for nomination up to one third of the Supervisory Board.

The Supervisory Board must nominate the recommended persons unless it is of the opinion that 1) any such person would be unsuitable to fulfill the duties of a Supervisory Board member, or 2) such appointment would cause the Supervisory Board to be improperly constituted.

According to the Articles of Association, the Supervisory Board must consist of at least five and not more than nine members. KPN's Supervisory Board currently consists of eight members. Members of the Supervisory Board resign according to a schedule set by the Supervisory Board. A member steps down at the first AGM following his four-year term in office. In line with the revised Code, members can be reappointed twice, leading to a maximum term in office of 12 years.

The Supervisory Board has determined its 'profile', defining the basic principles for the composition of the Supervisory Board. All nominees for the election to the Supervisory Board must fit within this profile. According to this profile, the Supervisory Board must be composed in such a way that members of the Supervisory Board are able to operate independently of each other and of the Board of Management.

The by-laws of the Supervisory Board contain, among other things, rules regarding the members' duties, powers, working methods and decision-making, what decisions by the Board of Management it must approve, training and conflict handling. The by-laws are available on the website www.kpn.com under the section Investor Relations, Corporate Governance.

The composition of the Supervisory Board changed at the 2009 AGM. Mr. Routs and Mr. Haank were appointed by the AGM as new members.

To ensure stable leadership in the Supervisory Board in the coming years, KPN announced in December 2009 a change in the chairmanship of the Supervisory Board, effective as of the AGM 2010. As of the AGM 2010, Mr. Streppel will succeed Mr. Risseuw as Chairman of the Supervisory Board and Mr. Risseuw will remain a member of the Supervisory Board. Following this change, Mr. Routs will succeed Mr. Streppel as Vice-Chairman of the Supervisory Board.

In 2010, Mr. Jager is due to step down from the Supervisory Board, as he will reach the end of his four-year term of office and has decided not to stand for reappointment at the AGM 2010.

Committees of the Supervisory Board

Three committees assist the Supervisory Board: the Audit Committee, the Remuneration and Organizational Development Committee and the Nominating and Corporate Governance Committee. The committees consist of members of the Supervisory Board. They report their findings to the Supervisory Board, which is ultimately responsible for all decision-making. The tasks of these committees are laid down in charters which are available on KPN's website. Further information on the activities of the committees in 2009 can be found in the 'Report of the Supervisory Board' and on the website www.kpn.com under the section Investor Relations.

Composition of the Supervisory Board

Name	Date of birth	Start of term	End of term	Committees
A.H.J. Risseuw (Chairman)	November 9, 1936	May 2, 2001, April 12, 2005* April 7, 2009*	2013	Chairman Nominating and Corporate Governance Committee; Member Remuneration and Organizational Development Committee
J.B.M. Streppel (Vice-chairman)	October 11, 1949	May 12, 2003, April 17, 2007*	2011	Chairman Audit Committee
M.E. Van Lier Lels	October 19, 1959	May 2, 2001, April 12, 2005* April 7, 2009*	2013	Member Remuneration and Organizational Development Committee; Member Nominating and Corporate Governance Committee
D.I. Jager	April 30, 1943	April 25, 2002,	2010	Chairman Remuneration and

Name	Date of birth	Start of term	End of term	Committees
		April 11, 2006*		Organizational Development Committee; Member Nominating and Corporate Governance Committee
M. Bischoff	April 22, 1942	May 12, 2003, April 17, 2007*	2011	Member Audit Committee
C.M. Hooymans	August 28, 1951	April 17, 2007	2011	Member Remuneration and Organizational Development Committee; Member Nominating and Corporate Governance Committee
R.J. Routs	September 10, 1946	April 7, 2009	2013	Member Audit Committee
D.J. Haank	April 25, 1953	April 7, 2009	2013	Member Audit Committee

The composition of the Committees of the Supervisory Board will also change. As of the AGM 2010, the Audit Committee will consist of three Supervisory Board Members, Mr. Haank (Chairman), Mr. Bischoff and Ms. Van Lier Lels. As of the AGM 2010, the Remuneration and Organizational Development Committee will be chaired by Mr. Routs and the other members will be Mr. Streppel, Mr. Risseeuw and Ms. Hooymans.

The Nominating and Corporate Governance Committee will be chaired by Mr. Streppel, the other three members are Mr. Routs, Mr. Risseeuw and Ms. Hooymans.

A.H.J. Risseeuw

Mr. Risseeuw was first appointed as a member of the Supervisory Board on May 2, 2001, and has been the Chairman of the Supervisory Board since September 10, 2001. His current (third) term expires in 2013. Mr. Risseeuw chairs the Nominating and Corporate Governance Committee and is a member of the Remuneration and Organizational Development Committee. He has held various management positions with Dutch international companies and is the former President of Getronics N.V. He is Chairman of the Supervisory Boards of Groeneveld Groep B.V. and Intergamma B.V. and member of the Supervisory Board of Blokker Holding B.V. and a member of the Advisory Council of Deloitte The Netherlands. Mr. Risseeuw is a Dutch citizen.

J.B.M. Streppel

Mr. Streppel was appointed as a member of the Supervisory Board on May 12, 2003, and has been the Vice Chairman of the Supervisory Board since April 15, 2008. His current (second) term expires in 2011. He is the Chairman of the Audit Committee. Mr. Streppel is the former Chief Financial Officer of AEGON N.V. and a member of the Supervisory Board of Van Lanschot N.V. He is Chairman of the Shareholders Communication Channel, Chairman of the Monitoring Committee Corporate Governance Code and Chairman of the Board of Duisenberg School of Finance. Mr. Streppel is a Dutch citizen.

M.E. van Lier Lels

Ms. Van Lier Lels was first appointed as a member of the Supervisory Board on May 2, 2001, and her current (third) term expires in 2013. She is a member of the Remuneration and Organizational Development Committee, as well as the Nominating and Corporate Governance Committee. Ms. Van Lier Lels held various management positions with Dutch international companies and is the former Chief Operating Officer of Schiphol Group. She is a member of the Supervisory Boards of USG People N.V., TKH Group N.V., Maersk B.V. until December 2009 she was a member of the Supervisory Board of Connexxion Holding N.V. and until February 2009 she was a member of the Supervisory Board of Getronics N.V. She is a member of the Audit Committee of the Algemene Rekenkamer, a member of the Advisory Council for Science and Technology and the chairman of the Supervisory Council of The Netherlands Society for Nature and Environment. Ms. Van Lier Lels is a Dutch citizen.

D.I. Jager

Mr. Jager has been a member of the Supervisory Board since April 25, 2002, and his current (second) term expires in 2010. Mr. Jager is the Chairman of the Remuneration and Organizational Development Committee, and a member of the Nominating and Corporate Governance Committee. He held various management positions at Procter & Gamble in Europe, Asia and the United States and was Chairman of the Board, President and/or Chief Executive Officer from January 1995 through June 2000. Mr. Jager currently is an independent consultant and private investor. He is Chairman of the Supervisory Board of Royal Wessanen N.V. and serves on the Boards of Chiquita Brands International Inc. and Healthpro Brands Inc. as a non-executive board member. Mr. Jager is both a US and Dutch citizen and resides in the United States.

M. Bischoff

Mr. Bischoff was appointed as a member of the Supervisory Board on May 12, 2003, and his current (second) term expires in 2011. He is a member of the Audit Committee. Mr. Bischoff, a former member of the Management Board of DaimlerChrysler, is currently Chairman of the Supervisory Board of Daimler AG. Furthermore, he is a member of the Supervisory Boards of Fraport AG, SMS GmbH and Voith AG and a non-executive member of the Board of Directors of Unicredit. Mr. Bischoff is a German citizen.

C.M. Hooymans

Ms. Hooymans was appointed as a member of the Supervisory Board on April 17, 2007, and her term expires in 2011. She is a member of the Remuneration and Organizational Development Committee, as well as the Nominating and Corporate Governance Committee. Ms. Hooymans is a member of the Management Board of TNO and a member of the Supervisory Board of Rabobank Vallei en Rijn. Furthermore, she is a member of the Board of the Radboud Foundation (Radboud University and Radboud University Medical Center) and a member of the Dutch government's Advisory Council for Science and Technology. Ms. Hooymans is a Dutch citizen.

R.J. Routs

Mr. Routs was appointed as a member of the Supervisory Board on April 7, 2009, and his term expires in 2013. He is a member of the Audit Committee. From 2004 until his retirement in 2008 Mr. Routs was an executive board member at Royal Dutch Shell PLC. Before that he held various (senior) management positions at this company in the USA, Canada and the Netherlands. Mr. Routs is a member of the Supervisory Board of Aegon N.V., the Board of Directors of Canadian Utilities and of the business school INSEAD. He also serves as a member of the International Advisory Council of the Economic Development Board of Singapore. Mr. Routs is a Dutch citizen.

D.J. Haank

Mr. Haank was appointed as a member of the Supervisory Board on April 7, 2009, and his term expires in 2013. He is a member of the Audit Committee. Mr. Haank is currently CEO of Springer Science+Business Media (Springer). Mr. Haank holds several supervisory and advisory positions, including those of member of the Supervisory Board of NUON and the Supervisory Council of the Dutch broadcast association TROS. Before his appointment at Springer, Mr. Haank was the CEO of Elsevier Science and Executive Board Member of Reed Elsevier PLC. Mr. Haank is a Dutch citizen.

The business address of each of the members of the Supervisory Board is Maanplein 55, 2516 CK, The Hague, the Netherlands

Potential conflicts of interest

No member of the Board of Management or Supervisory Board has any actual or potential conflict of interest in respect of their duties to the Issuer and their private interests and/or other duties. For the sake of completeness, please refer to *'Transactions with directors and related parties'* on page 126 of the 2009 Annual Report for details of the material transactions between the Issuer and members of the Board of Management or the Supervisory Board.

BOARD PRACTICES

Corporate governance: Compliance with the Dutch Corporate Governance Code

KPN conducts a corporate governance policy consistent with the revised Dutch Corporate Governance Code ('revised Code'). This revised Code has its statutory basis in Book 2 of the Dutch Civil Code and applies to KPN as KPN has its registered office in the Netherlands and its shares are listed on a stock exchange. The revised Code, as well as its predecessor, are based on the 'apply-or-explain' principle and define a company as a 'long-term form of collaboration between the various stakeholders involved'. The Board of Management and the Supervisory Board have overall responsibility for considering these interests, generally with a view to ensuring continuity of the Company. In doing so, the Company endeavours to create long-term shareholder value and the Board of Management and Supervisory Board should take account of the interests of the different stakeholders.

KPN supports the principles of the revised Code. KPN complies almost fully with the best practice provisions. However, KPN notes that it does not fully apply the following two provisions:

II.2.4: "if options are granted, they shall, in any event not be exercised in the first three years after the date of granting. The number of options to be granted shall be dependent on the achievement of challenging targets specified beforehand" and II.2.8: "the remuneration in the event of a dismissal may not exceed one year's salary (the 'fixed' remuneration component). If the maximum of one year's salary would be manifestly unreasonable for a management board member who is dismissed during his first term of office, such board member shall be eligible for severance pay not exceeding twice the annual salary".

Even though the current share plans are fully compliant with the revised Code, KPN does not apply provision II.2.4 on those options granted to Mr. Scheepbouwer before the revised Code entered into force. At the time of Mr. Scheepbouwer's appointment, KPN and Mr. Scheepbouwer agreed that the Supervisory Board could annually grant Mr. Scheepbouwer unconditional options. Stock options already granted before 2008 shall be respected. On November 6, 2007, a new arrangement was approved by the AGM. From 2008 and onwards Mr. Scheepbouwer will be entitled to a long-term incentive package based on remuneration in shares, replacing all his annual long-term incentive entitlements. For further information, see 'Remuneration and Organizational Development Report' starting on page 55 of the 2009 Annual Report.

Under the same premise that existing rights should be respected, Mr. Blok and Mr. Miller will receive more than one year's ('fixed') salary in the event of a dismissal, contrary to provision II.2.8. Mr. Blok will receive one year's full salary (including short-term bonus) in the event of a dismissal, whereas Mr. Miller received two years' fixed salary, including insurance and pension allowances. Both agreements correspond to the arrangements that were in place before they joined the Board of Management.

The KPN's application of the Corporate Governance Code is available on the website (www.kpn.com) under the section Investor Relations, Corporate Governance: Corporate Governance Code.

Other corporate governance requirements

Since June 13, 1994, KPN's ordinary shares have been listed on Euronext Amsterdam (ticker: KPN). On April 4, 2008, KPN delisted its American Depositary Receipts ('ADRs') from the New York Stock Exchange. KPN replaced its ADR program with a Level I ADR program, which allows investors to trade KPN ADRs in the United States on the over-the-counter market (ticker symbol: KKNY). The deregistration from the United States Securities Exchange Act by KPN also covered its outstanding USD denominated bonds issued in 2000. KPN's obligations to its bondholders was not affected by the deregistration. Furthermore, KPN delisted its ordinary shares from the London Stock Exchange as of April 24, 2008, and from the Frankfurt Stock Exchange as of August 13, 2008.

KPN shares are included amongst others in the following leading indices (weightings at December 31, 2009): AEX 7.65%, DJ Europe Telecom 10.25%, DJS Telecom 6.10%, FTSE Eurofirst 300 Telecom 0.43% and MSCI Euro 0.99%.

Legal structure of the Company

Under Section 6, Part 4 of Book 2 of the Dutch Civil Code, the rules for large companies ('*structuurvennootschap*') are mandatory for KPN. As such, KPN has a two-tier management structure with a Board of Management and a Supervisory Board.

Dutch corporate law is changing rapidly. In 2004, important amendments were implemented to increase shareholder rights. Under the new legislation, shareholders are entitled to approve decisions of the Board of Management that have a Company-transforming effect, to approve the remuneration policy and share (option) plans, to appoint members of the Supervisory Board upon proposal by the Supervisory Board and to dismiss the Supervisory Board.

Furthermore, the Dutch Corporate Governance Code has been given a legal basis.

Currently legislation is pending on the possibility of introducing a one-tier management structure for Dutch companies including '*structuurvennootschappen*'. Other pending legislation will cover shareholder rights such as the raising of the threshold for proposing items for the shareholders' meeting and the improvement of processes surrounding shareholders' meetings such as the notice period and the use of a record date. KPN closely monitors these developments. Where relevant, changes in legislation are implemented in our Articles of Association. The Articles were last amended on May 3, 2007.

None of KPN's shareholders possess special rights and there are no restrictions applicable to the exercise of voting rights. For further information, please see 'Share capital' under 'Shareholders' rights, and 'Restrictions on non-Dutch shareholders' rights'.

On the basis of The Dutch Financial Supervision Act (*Wet op het financieel toezicht*), The AFM supervises the financial reporting by Dutch listed companies.

Major Shareholders

Capital Group International, Inc., and Capital Research and Management Company have notified the AFM that they held 4.97% (June 27, 2007) and 9.79% (May 12, 2009) respectively of the ordinary shares of KPN. Capital Research and Management Company notified the AFM on January 1, 2010, that they held 10.68% in KPN's ordinary shares. BlackRock, Inc. notified the AFM on February 5, 2010, that they held 5.05% in KPN's ordinary shares. For the most recent notifications see the AFM website.

The State of The Netherlands

Until September 22, 2006, the State of The Netherlands, referred to hereinafter as the State, represented by the Ministry of Finance, was a large shareholder in our Company. On that date the State sold the remainder of its shareholding in KPN, bringing an end to its long standing relationship with KPN as a shareholder.

The State is a major customer and purchases our services on normal market terms and conditions. The State may further require us by law to provide certain services in connection with national security or the investigation of criminal offences. The services include tapping telephone lines and providing and maintaining a special secure network for emergencies.

Other shareholders

Shareholders who have an interest of 5% or more in KPN, are legally obliged to notify the AFM and possible foreign supervisors, such as the SEC. These notifications will be published in public registers.

The Foundation Preference Shares B KPN (Stichting Preferente Aandelen B KPN)

According to its Articles of Association, the statutory goal of the Foundation Preference Shares B KPN (the 'Foundation') 'is to protect our interests (which includes the interests of our stakeholders, such as customers, shareholders and employees), by, among other things, protecting us from influences that may threaten our continuity, independence and identity.' Consequently, in the event of any circumstances where the Company is subject to influences as described above and taking public security considerations into account, the Board of the Foundation may decide to exercise the call option (as described below), with a view to enabling the Company to determine its position in relation to the circumstances as referred to above, and seek alternatives. The Board of the Foundation is of the opinion that under normal circumstances it should not exercise its voting rights for longer than a limited period. The Board of the Foundation considers it undesirable for the Board of Management to ignore a shift in the balance of power in the AGM over an extended period of time per event. It is furthermore undesirable that the Board of Management should (be able to) use anti-takeover measures to further the personal interests of individuals involved with the Company.

The members of the Board of the Foundation are Mr. J.H. Schraven (Chairman), Mr. J. den Hoed RA (vice-Chairman), Mr. P. Bouw, Mr. P. Wakkie and Mr. H. Zwarts. Our Board of Management and the members of the Board of the Foundation share the view that the Foundation is independent from us in accordance with parts c and d of the first subsection of article 5 : 71 of the Dutch Act on financial supervision.

The views of the Board of the Foundation, summarized above, have been published at the Foundation's own website (www.prefs-KPN.nl).

We have a put option to place with the Foundation a number of our Class B preference shares, which have the same voting rights as ordinary shares, not exceeding the total issued share capital before such issue, or, subject to prior approval by the General Meeting of Shareholders, such larger number as the parties may agree. In addition, the Foundation has a call option, which is not limited in time, to acquire a number of Class B preference shares from us not exceeding the total issued amount of ordinary shares, minus one share and minus any shares already issued to the Foundation.

Since October 12, 2006, the authority of the Board of Management to issue Class B preference shares under the put option expired. This expiration does not affect the obligation to issue Class B preference shares upon exercise of the call option by the Foundation.

Upon exercise of the call option, 25% of the nominal value of EUR 0.24 per Class B preference share needs to be paid by the Foundation. Our Board of Management can decide to request the Foundation to pay the remainder. Such decision is subject to the approval of the Supervisory Board.

FINANCIAL INFORMATION UPDATE FROM NOTES

Historical Financial Information

This Prospectus incorporates by reference the publicly available consolidated audited financial statements of the Issuer for the years ended December 31, 2009, including comparative figures for the financial year ended December 31, 2008 (prepared in accordance with IFRS as adopted by the European Union) and December 31, 2008. The financial statements (*jaarrekening*) for the year 2009 are subject to adoption by the general meeting of shareholders of KPN to be held on April 13, 2010.

Financial Statements

The Issuer has prepared both statutory and consolidated financial statements in respect of the 2009 and 2008 financial years.

Auditing of Historical Annual Financial Information

As described under ‘*General Information – Auditors*’ below, the auditors of the Issuer have audited the financial statements of the Issuer in accordance with IFRS (as adopted by the European Union) for the financial years ended December 31, 2009 (including comparative figures as at December 31, 2008) and December 31, 2008 and have issued reports without qualification for each of these years.

Age of Latest Financial Information

The most recent audited financial information is as of December 31, 2009.

LEGAL PROCEEDINGS

KPN is involved in several legal proceedings, most of which are primarily related to regulatory or other ordinary course of business issues. On the basis of information currently available, KPN is of the opinion that it is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which KPN is aware) during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on KPN's consolidated financial position or consolidated profitability.

Where it is probable that the outcome of the legal proceedings will be unfavourable for KPN, and the financial outcome of these proceedings can be reliably estimated, a provision has been accounted for in the Consolidated Financial Statements. In the following paragraphs, the main pending proceedings are described.

SOBI

On July 10, 2001, a writ of summons was served upon KPN by one of KPN's shareholders, SOBI (‘*Stichting Onderzoek Bedrijfsinformatie*’, or Foundation for the Research of Business Information). SOBI filed a claim with the Enterprise Chamber (‘*Ondernemingskamer*’) of the Amsterdam Court of Appeal that seeks the annulment of KPN's annual financial statements for 2000.

On February 10, 2006, the Supreme Court judgment overturned the ruling made by the Enterprise Section of the Amsterdam Court of Appeal. The Supreme Court concluded that the Court of Appeal issued rulings on questions that had not been tabled (such as the classification of the gain related to NTT DoCoMo in the Consolidated Statement of Income) and arguments that KPN had put forward had unjustly been ignored. With regard to the explanatory notes on the valuation of goodwill and licenses and the valuation of financial instruments issued to BellSouth, the Supreme Court ordered the Court of Appeal to reconsider and remotivate their verdict.

KPNQWEST

KPN is involved in several legal proceedings related to the bankruptcy of KPNQwest. On September 13, 2006, KPN was served with a writ of summons by Citibank N.A. and Cargill Financial Markets Plc. claiming EUR 218.9 million, excluding interest and costs, from various former officers and former shareholders, including us, of KPNQwest. Citibank and Cargill claim compensation for damages on a EUR 525 million syndicated loan provided to KPNQwest in 2002 on the basis of misrepresentation and concealment by former management and former shareholders when the loan was provided to KPNQwest. Citibank acted as agent of the syndicate and as a 14.7% principal lender of the syndicated loan. Cargill claims that it acquired 85.3% of the claim by assignments of their part in the syndicated loan by other original lenders. KPN delivered its statement of defence on November 26, 2008 and Citibank N.A. and Cargill Financial Markets Plc. delivered their reply on September 16, 2009. A decision by the District Court is not expected before year-end 2010.

The VEB (*‘Vereniging van Effectenbezitters’* or ‘Dutch Investors’ Association’) a private organization for retail investors in the Netherlands requested the Enterprise Chamber of the Amsterdam Court of Appeal to conduct an enquiry into the policy-making and the affairs of KPNQwest (in particular the relationship between KPNQwest on the one hand and Qwest and KPN on the other hand) in the period from August 30, 1999, until May 31, 2002. Various parties, including KPN, filed a defense against the request. The Enterprise Chamber granted the request and ordered an enquiry over the period from January 1, 2002, until May 23, 2002. The Enterprise Chamber may authorize the investigators to inspect relevant books, records and other sources of information and to request the production of evidence of any company closely connected with KPNQwest. After completion of the report, the Enterprise Chamber may be asked to issue a judgment as to whether there had been mismanagement (*‘wanbeleid’*) and, if so, it can take one or more further measures. The Enterprise Chamber appointed three investigators on December 5, 2008.

Telfort/Agentschap Telecom

On April 3, 2008, the Dutch Telecom Agency of the Ministry of Economic Affairs (*‘Agentschap Telecom’*) announced the results of its monitoring of the UMTS roll-out obligations. It concluded that KPN met its license requirements, but roll-out of Telforts’ license was insufficient. On June 11, 2008, the Agentschap Telecom formally ordered Telfort to complete its UMTS roll-out in compliance with the requirements of its UMTS license. Telfort was ordered to accomplish the roll-out within three months of June 11, 2008, or face penalty payments of EUR 5 million for each quarter during which appropriate levels have not been met (up to two years or an aggregate fine of EUR 40 million). After re-examination the AT concluded in May 2009 that the license requirements as interpreted by the AT have not been met by Telfort and that the first term of EUR 5 million became due and payable. Telfort appealed against the injunction, but a request for suspension thereof was denied by the Court of Rotterdam. Under the threat of another EUR 35 million to be paid, Telfort returned its UMTS license to the Minister. The appeal procedure however will proceed, since Telfort contests the view of the AT on the way the license conditions were interpreted and measured.

ADDITIONAL INFORMATION

Consolidated Statement of Changes in Group Equity change

Amounts in millions of EUR, except number of shares	Number of subscribed shares	Share capital	Share premium	Other reserves	Retained earnings	Equity attributable to owners of the parents	Minority interests	Total Group equity
Balance as of January 1, 2008	1,843,482,213	443	11,120	-608	-6,465	4,490	28	4,518
Share based compensation (net of tax)	-	-	-	-	8	8	-	8
Exercise of options	-	-	-	24	-	24	-	24
Shares repurchased	-	-	-	-1,170	-	-1,170	-	-1,170
Purchased from	-	-	-	-	-	-	-4	-4

Amounts in millions of EUR, except number of shares	Number of subscribed shares	Share capital	Share premium	Other reserves	Retained earnings	Equity attributable to owners of the parents	Minority interests	Total Group equity
minority interests								
Dividends paid	-	-	-	-	-981	-981	-	-981
Shares cancelled	-129,119,421	-32	-1,470	1,502	-	-	-	-
Other	-	-	-	-	3	3	-	3
Total comprehensive income for the period	-	-	-	24	1,332	1,356	5	1,361
Balance as of December 31, 2008	1,714,362,792	411	9,650	-228	-6,103	3,730	29	3,759
Share based compensation (net of tax)	-	-	-	16	-13	3	-	3
Exercise of options	-	-	-	22	-	22	-	22
Shares repurchased	-	-	-	-960	-	-960	-	-960
Dividends paid	-	-	-	-	-1,039	-1,039	-3	-1,042
Shares cancelled	-85,507,470	-20	-851	871	-	-	-	-
Purchased from minority interests	-	-	-	-	-5	-5	-20	-25
Total comprehensive income for the period	-	-	-	-91	2,178	2,087	-3	2,084
Balance as of December 31, 2009	1,628,855,322	391	8,799	-370	-4,982	3,838	3	3,841

The aggregate amount of current and deferred tax recorded directly in equity in 2009 was EUR 30 million positive (2008: EUR 1 million positive).

Rights attaching to the Issuer's shares

Our authorized capital stock totals EUR 1,440,000,000, divided into 3 billion ordinary shares of EUR 0.24 each and 3 billion Class B preferred shares of EUR 0.24 each. As of December 31, 2009, a total of 1,628,855,322 ordinary shares had been issued. All issued shares are paid up.

Dutch laws prohibit KPN to cast a vote on shares it holds. The ordinary shares and Class B preferred shares carry the right to cast one vote each. For a description of the preferred shares, please see 'The Foundation Preference Shares B KPN' in the 2009 Annual Report. The ordinary shares are registered or payable to bearer. Shareholders may request the Company to convert their registered shares to bearer shares but not vice versa.

Articles of Association

Pursuant to Article 4 of the Issuer's Articles of Association, its objects and purposes are:

- to participate in and to manage other enterprises and companies, among such, companies that operate in the field of the transmitting, storing and converting of information, as well as to manage and dispose of information;
- to manage and finance subsidiaries, group companies, dependent companies and participations, among which to guarantee the debts of those companies and participations, and further to engage in any activity which may be related or conducive to the objects set out hereinabove.

MATERIAL CONTRACTS

As of the date of this Prospectus, we are not party to any contracts (not entered into in the ordinary course of business) that are considered material to our results, financial condition or operations.

THIRD PARTY INFORMATION

Statement of Expert

The auditor's opinion in respect of the Issuer's 2009 financial statements is included on page 138 of the 2009 Annual Report, which is incorporated by reference. The auditor's opinion in respect of the Issuer's 2008 financial statements is included on page 146 of the 2008 Annual Report, which is also incorporated by reference.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the ‘Clearing Systems’) currently in effect. The information in this section concerning the Clearing Systems has been obtained from the relevant Clearing Systems, which are sources that the Issuer believes to be reliable, but neither the Issuer nor any Dealer takes any responsibility for the accuracy thereof. Such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by the relevant Clearing Systems, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-entry Systems

DTC

DTC has informed the Issuer that it is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the Rules), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system (DTC Notes) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (Owners) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of

each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and Interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise

take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Euroclear's offices are situated at 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. Clearstream, Luxembourg's offices are situated at 42 Avenue J.F. Kennedy, 1855 Luxembourg.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants including, in the case of any Regulation S Global Note, the respective depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in such a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under *'Subscription and Sale and Transfer Selling Restrictions'*, cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (*'Custodian'*) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

UNITED KINGDOM TAXATION

The following applies only to persons who are the beneficial owners of Notes, is of a general nature based on current United Kingdom law and HM Revenue and Customs ('HMRC') practice and is not intended to be exhaustive, dealing only with withholding tax and information reporting regarding interest. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. Prospective Noteholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

Interest on the Notes

Payment of interest on the Notes

Payments of interest on the Notes may be made without withholding on account of United Kingdom income tax.

However, Noteholders may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays (or credits) interest to or receives interest for the benefit of a Noteholder, or who either pays amounts payable on the redemption of Notes that constitute deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of an individual, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5th April 2010. Any information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the noteholder is resident for tax purposes.

EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

NETHERLANDS TAXATION

General

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations in relation thereto. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

- (i) holders of Notes holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Notes of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds (i) an interest of 5% or more of the total issued capital of the Issuer or of 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (ii) investment institutions (*fiscale beleggingsinstellingen*); and
- (iii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax.

Withholding Tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein [provided that the Notes do not in fact function as equity of the Issuer within the meaning of article 10, paragraph 1, under d of the Netherlands corporate income tax act 1969 (*Wet op de vennootschapsbelasting 1969*)].

Corporate and Individual Income Tax

- (c) Residents of the Netherlands

If a holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25.5%).

If an individual holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including an individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Notes and gains realised upon the redemption, settlement or

disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands income tax act 2001 (*Wet inkomstenbelasting 2001*), if:

- (i) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the holder has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Notes, taxable income with regard to the Notes must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments has been fixed at a rate of 4% of the average of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a certain threshold. The average of the individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Notes less the fair market value of certain qualifying liabilities on 1 January and 31 December, divided by two. The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments will be taxed at a rate of 30%.

(d) Non-residents of the Netherlands

If a holder is not a resident nor is deemed to be a resident of the Netherlands for Netherlands tax purposes (or has not opted to be taxed as a resident of the Netherlands), such holder is not taxable in respect of income derived from the Notes and gains realised upon the settlement, redemption or disposal of the Notes, unless:

- (i) the holder is not an individual and such holder (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands (other than by way of securities) and to which enterprise the Notes are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25.5%.

- (ii) the holder is an individual and such holder (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) realises income or gains with respect to the Notes that qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands, which activities include the performance of activities in the Netherlands with respect to the Notes which exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (3) is entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands (other than by way of securities) and to which enterprise the Notes are attributable.

Income derived from the Notes as specified under (1) and (2) is subject to individual income tax at up to a maximum rate of 52%. Income derived from a share in the profits as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under "Residents of the Netherlands"). The fair market value of the share in the profits of the enterprise (which includes the Notes) will be part of the individual's Netherlands yield basis.

Gift and Inheritance Tax

(a) Residents of the Netherlands

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of the Notes by way of a gift by, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

A holder of Dutch nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax if he or she has been resident in the Netherlands and dies or makes a donation within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift tax if he or she has been resident in the Netherlands and makes a donation within a twelve months period after leaving the Netherlands. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

(b) Non-residents of the Netherlands

No gift or inheritance taxes will arise in the Netherlands in respect of the acquisition of the Notes by way of a gift by, or as a result of, the death of a holder that is neither a resident nor deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax, unless in the case of a gift of the Notes by a holder who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands, such holder dies within 180 days after the date of the gift, and at the time of his or her death is a resident or deemed to be a resident of the Netherlands.

Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes.

Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the

ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of certain United States Federal income tax consequences of the purchase, ownership and disposition of the Notes. This summary is based upon the Internal Revenue Code of 1986, applicable income tax regulations, published rulings, administrative pronouncements and court decisions, as of the date hereof, all of which are subject to change or differing interpretations at any time and possibly with retroactive effect. This summary does not discuss all aspects of United States Federal income taxation that may be relevant to a particular investor in light of the investor's particular circumstances. In particular, this summary does not apply to investors who own, directly or through attribution, 10 per cent. or more of the Company's outstanding voting share capital, or to certain types of investors subject to special treatment under the United States Federal income tax laws (such as tax-exempt organisations (including qualified pension plans), banks, insurance companies, regulated investment companies, brokers, dealers, foreign persons and entities, persons holding Notes as part of a 'hedging' or 'conversion' transaction or as a position in a 'straddle', or persons whose functional currency is not the United States dollar). In addition, this summary does not consider the effect of any foreign, state, local or other tax laws, or any other United States tax consequences other than income tax consequences, that may be applicable to particular investors. This summary does not address any tax consequences applicable to holders of equity interests in a holder of the Notes. This summary also assumes that the Notes are held as capital assets and that there will be no substitution of another entity in place of the Issuer as principal debtor in respect of the Notes. Each prospective purchaser of the Notes should consult its own tax advisors concerning the application of United States Federal Income Tax laws to its particular situation as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

To ensure compliance with U.S. Treasury Department regulations, we advise you that any tax discussion herein was not written and is not intended to be used and cannot be used by any taxpayer for purposes of avoiding U.S. Federal income tax penalties that may be imposed on the taxpayer. Any such tax discussion was written to support the promotion or marketing of the Notes to be issued pursuant to this Prospectus. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

The following summary deals only with holders who purchase Notes at original issuance and is limited to a general discussion of the tax consequences of the purchase, ownership and disposition of Notes. The Final Terms for each series of Notes may describe additional tax consequences, if any, that relate to the specific Notes to be issued. Accordingly, this discussion should be read only in connection with the discussion, if any, of U.S. Federal income tax considerations contained in the Final Terms to which investors are referred and does not, by itself, necessarily discuss all of the material U.S. Federal income tax issues of a particular series of Notes.

This summary deals only with holders who purchase Notes in this offering at the ‘issue price’ (which will be the price at which a substantial amount of the Notes is sold to persons other than bond houses, brokers or similar persons acting in the capacity of underwriters, agents or shareholders). In addition, this summary assumes the Notes are treated as debt for U.S. Federal income tax purposes.

As used herein, the term ‘**U.S. Holder**’ means a beneficial owner of a Note that is for U.S. Federal income tax purposes: (i) a citizen or resident of the United States; (ii) a corporation created or organised in or under the laws of the United States or any state thereof (including the District of Columbia); (iii) an estate the income of which is subject to U.S. Federal income taxation regardless of its source; or (iv) a trust the administration of which is subject to the primary supervision of a court in the United States and with respect to which one or more U.S. persons have the authority to control all substantial decisions. If a partnership holds Notes, the consequences to a partner will generally depend upon the status of the partner and upon the activities of the partnership. A partner in a partnership holding Notes should consult its own tax advisor.

A ‘**Non-U.S. Holder**’ means a beneficial owner other than a U.S. Holder.

Payments of Interest and Discount on the Notes

Stated Interest

Except as described below, the amount of any stated interest payments on a Note will be taxable to a U.S. Holder as ordinary interest income in accordance with such U.S. Holder’s method of accounting for U.S. Federal income tax purposes. If an interest payment is denominated in or determined by reference to a ‘**Foreign Currency**’ (a currency other than the U.S. dollar), then special rules, described below under ‘*Foreign Currency Notes*’ apply.

Original Issue Discount

If a U.S. Holder holds Notes which have original issue discount (‘**OID**’) and which have a maturity of more than one year from their date of issue, such U.S. Holder will generally be required to recognise such OID as ordinary interest income under a constant yield method in advance of the receipt of cash payments to which such income is attributable, regardless of the U.S. Holder’s method of accounting. Special rules apply to OID on a Note that is denominated in Foreign Currency. See ‘**Foreign Currency Notes**’.

A Note has OID to the extent that the Note’s ‘stated redemption price at maturity’ exceeds its ‘issue price,’ but only if such excess equals or exceeds a specified minimum amount (generally, an amount equal to one quarter of one per cent. of the Note’s stated redemption price at maturity multiplied by the number of complete years to its maturity). The stated redemption price at maturity of a Note generally is the sum of all payments provided by the Note other than payments of ‘qualified stated interest’. The term ‘**qualified stated interest**’ generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate (or at certain floating rates) that appropriately takes into account the length of the interval between stated interest payments. The issue price of a Note is the first price at which a substantial amount of such issue of Notes has been sold (ignoring sales to bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, agents, or wholesalers).

In general, if the excess of a Note’s stated redemption price at maturity over its issue price is less than the specified minimum amount, then such excess constitutes ‘*de minimis* OID’. Unless the election described below under ‘*Election to Treat All Interest as OID*’ is made, such a Note will not be treated as issued with OID (in which case the following paragraphs under ‘**Original Issue Discount**’ will not apply) and a U.S. Holder of such a Note must include such *de minimis* amount of income as stated principal payments on the Note are made. The amount includible with respect to each such payment will equal the product of the total amount of the Note’s *de minimis* OID and a fraction, the numerator of which is the amount of the principal payment and the denominator of which is the stated principal amount of the Note.

Except as described below with respect to Short Term Notes (defined herein), the amount of OID that a U.S. Holder will be required to include in income in a taxable year will be determined by allocating to each day of the taxable year for which the U.S. Holder holds the Note the pro rata daily portions of OID attributable to the ‘accrual period.’ An accrual period may be of any length selected by the U.S. Holder and the accrual periods may vary in length over the term of the Note as long as (i) each accrual period is no longer than one year, and (ii) each scheduled payment of principal or interest occurs either on the final day of an accrual period or on the first day of an accrual period. The amount of OID allocable to each accrual period generally will equal the product of (i) the Note’s ‘adjusted issue price’ at the beginning of such accrual period and (ii) its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period), less the amount of any qualified stated interest payments allocable to such accrual period. The adjusted issue price of a Note at the beginning of the first accrual period is the issue price. Thereafter, the adjusted issue price of a Note is the sum of the issue price plus the amount of OID previously includable in the gross income of the holder reduced by the amount of any payment previously made on the Note, other than payments of ‘qualified stated interest’. Thus, under these rules, a U.S. Holder will generally have to include in income increasingly greater amounts of OID over the life of the Note. Special rules apply for calculating OID in short initial or final accrual periods.

If the Issuer has an unconditional option to redeem or prepay a Note before the Note’s stated maturity, such option will be presumed to be exercised if, by utilising any date on which such Note may be redeemed or repurchased as the maturity date and the amount payable on such date in accordance with the terms of the Note (the ‘**redemption price**’) as the stated redemption price at maturity, the yield on the Note would be lower than its yield to stated maturity and the yield to maturity of the Note will be determined based on this earlier maturity date. If such option is in fact exercised or not exercised contrary to the presumption made (*i.e.*, there is a ‘change in circumstances’), then the Note would be treated, solely for OID purposes, as if it were retired and reissued on the date of the change in circumstances for an amount equal to the Note’s adjusted issue price on that date.

Floating Rate Notes

Floating Rate Notes will be subject to special rules. Generally, if a Floating Rate Note qualifies as a ‘variable rate debt instrument’ (as defined in applicable Treasury Regulations) then (i) all stated interest with respect to such Floating Rate Note will be qualified stated interest and hence included in a U.S. Holder’s income in accordance with such U.S. Holder’s normal method of accounting for U.S. Federal income tax purposes, and (ii) the amount of OID, if any, will be determined under the general OID rules (as described above under ‘*Original Issue Discount*’) by assuming that the variable rate is a fixed rate equal, in general, to the value, as of the issue date, of the floating rate.

If any of the Floating Rate Notes do not qualify as ‘variable rate debt instruments,’ such Floating Rate Notes will be classified as contingent payment debt instruments and will be subject to special rules for calculating the accrual of stated interest and OID.

Additional information concerning the tax consequences of holding a Floating Rate Note may be provided in the applicable Final Terms. Prospective investors should consult their own tax advisors concerning the tax consequences of holding Floating Rate Notes.

Index Linked Notes

Special U.S. Federal income tax rules apply with respect to Index Linked Notes and information concerning the United States Federal income tax consequences of such Notes to U.S. Holders may be provided in the applicable Final Terms. Prospective investors should consult their own tax advisors concerning the tax consequences of holding Index Linked Notes.

Short Term Notes

Generally, an accrual basis U.S. Holder of ‘Short Term Notes’ (*i.e.*, Notes having a fixed maturity date not more than one year from the date of issue) is required to accrue OID on Short Term Notes on either a straight-line basis or, at the election of the U.S. Holder, under the constant yield method (based on daily compounding). An individual or other cash basis U.S. Holder of a Short Term Note is generally not required to accrue OID for U.S. Federal income tax purposes unless it elects to do so.

For purposes of determining the amount of OID subject to these rules, applicable Treasury Regulations provide that, unlike the rules applicable to the determination of OID with respect to Notes which are not Short Term Notes, no interest payments on a Short Term Note will be qualified stated interest. Consequently, such interest payments are included in the Short Term Note’s stated redemption price at maturity and therefore may give rise to OID (or acquisition discount) even if the Short Term Notes are not actually issued at a discount. U.S. Holders should consult their own tax advisors as to the application of these rules.

Amortisable Bond Premium

A U.S. Holder that purchases a Note for an amount in excess of the sum of all amounts, other than qualified stated interest, payable on the Note after the purchase date will be considered to have purchased the Note at a premium (**‘bond premium’**) and will not be required to include any OID in income with respect to such Note. A U.S. Holder generally may elect to amortise the premium over the remaining term of the Note under a constant yield method. For any Floating Rate Note or Index Linked Note that is a ‘variable rate debt instrument’ under applicable income tax regulations, that method is implemented by constructing an ‘equivalent fixed rate instrument’, as provided in applicable Treasury Regulations. The amount amortised in any year reduces both the U.S. Holder’s adjusted basis in the Note and interest income from the Note. Any excess bond premium allocable to an accrual period is deductible by the holder for that accrual period. The amount deductible, however, is limited by the amount of the holder’s prior income inclusions on the instrument, and any excess is carried forward to the next accrual period. In addition, in the case of instruments that have alternative payment schedules that are predicated on the unilateral exercise of an option by the issuer or the holder, the amount of bond premium that is amortisable in an accrual period is calculated by assuming that both the issuer and the holder will exercise or not exercise options in a manner that maximises the holder’s yield. Thus, a holder may be required to amortise bond premium by reference to the stated maturity, even if it appears likely that the Note will be called. The Treasury Regulations also contain rules applicable if such contingency occurs or fails to occur contrary to the assumption utilised.

U.S. Holders not making an election to amortise bond premium are not required to reduce the adjusted basis of their Notes and consequently may recognise less gain or more loss upon their disposition. The election to amortise bond premium, once made, applies to all debt instruments held or subsequently acquired by the electing U.S. Holder on or after the first day of the taxable year to which the election applies and may not be revoked without the consent of the IRS. Holders should consult their own tax advisors concerning the consequences, means and advisability of making this election.

Election to Treat All Interest as OID

Subject to certain limitations, a U.S. Holder of a debt instrument generally may elect to treat all interest that accrues on the instrument as OID. Interest for this purpose includes stated interest not previously included in income, OID (including any *de minimis* OID), and acquisition discount, adjusted for amortisable bond premium and acquisition premium. If a U.S. Holder makes this election for a Note with amortisable bond premium, the election is treated also as an election under the amortisable bond premium provisions, described above, and the electing U.S. Holder will be required to amortise bond premium currently for all of the U.S. Holder’s other debt instruments with amortisable bond premium. U.S. Holders of Notes should consult their own tax advisors concerning the consequences, means and advisability of making such an election.

Non-U.S. Holders

Non-U.S. Holders will generally not be subject to U.S. Federal income tax on payments of principal, interest (including OID) and premium (if any) on any Note unless such principal, interest or premium payment is effectively connected with the conduct of a trade or business by the Non-U.S. Holder within the United States.

Disposition of a Note

U.S. Holders

Except as discussed above, upon the sale, exchange or retirement of a Note, a U.S. Holder generally will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement (other than amounts representing accrued and unpaid interest not previously included in income, which will be taxable as such) and such U.S. Holder's adjusted tax basis in such Note. A U.S. Holder's adjusted tax basis in a Note generally will equal such U.S. Holder's initial investment in such Note increased by any OID included in income and any accrued market discount included in income and decreased by the amount of any payments that are not deemed qualified stated interest payments and amortisable bond premium applied to reduce interest with respect to such Note. Such gain or loss generally will be long-term capital gain or loss if the Note was held for more than one year. Deduction of capital losses for U.S. Federal income tax purposes is subject to limitations.

Non-U.S. Holders

Non-U.S. Holders generally will not be subject to U.S. Federal income taxation on gain or income unless (a) such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year and has certain other connections with the United States or (b) such gain is effectively connected with the conduct of a trade or business by the Non-U.S. Holder within the United States.

Foreign Tax Credit Sourcing Rules

Interest and OID on the Notes should be treated as income from sources outside the United States for purposes of the foreign tax credit limitation.

Gain or loss recognised on the sale, exchange or retirement of a Note by a U.S. Holder generally will constitute income from sources within the United States.

U.S. Holders of Notes should consult their own tax advisors concerning the source of income or loss with respect to the Notes and the application of the foreign tax credit limitation generally.

Foreign Currency Notes

The following summary relates to Notes that are denominated in a currency or basket of currencies other than the U.S. dollar (**'Foreign Currency Notes'**).

Payments of Interest in a Foreign Currency

A U.S. Holder will be required to include in income the U.S. dollar value of the amount of interest income (including OID or market discount and reduced by amortisable bond premium to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a Note during an accrual period. The U.S. dollar value of such accrued income will be determined by translating such income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. A U.S. Holder may elect, however, to

translate such accrued interest income using the spot rate on the last day of the accrual period or, with respect to an accrual period that spans two taxable years, using the spot rate on the last day of the taxable year. If the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a U.S. Holder may translate such interest using the spot rate on the date of receipt. U.S. Holders should consult their own tax advisors concerning the consequences, means and advisability of making such an election.

A U.S. Holder who receives a payment of interest in Foreign Currency may recognise exchange gain or loss (which will be treated as ordinary income or loss) with respect to accrued interest income on the date such income is received. The amount of ordinary income or loss recognised will equal the difference, if any, between the U.S. dollar value of the Foreign Currency payment received (determined using the spot rate on the date such payment is received) in respect of such accrued interest and the U.S. dollar value of the income inclusion with respect to such accrued interest (as determined above).

Special rules apply to market discount and bond premium received on Foreign Currency Notes. U.S. Holders of Notes should consult their own tax advisors regarding such special rules.

Foreign Currency Discount Notes

OID for any accrual period on a Note that is denominated in a Foreign Currency will be determined in the Foreign Currency and then translated into U.S. dollars in the same manner as stated interest accrued before receipt, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or retirement of a Note), a U.S. Holder may recognise exchange gain or loss (which will be treated as ordinary gain or loss) measured by the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued.

Foreign Currency Gain or Loss on Sale, Exchange or Retirement

If a U.S. Holder receives Foreign Currency on a sale, exchange or retirement of a Note, the amount realised will be based on the U.S. dollar value of the Foreign Currency on the date the payment is received or the instrument is disposed of (or deemed disposed of). Gain or loss realised upon the sale, exchange or retirement of a Note that is attributable to fluctuations in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between the U.S. dollar value of the Foreign Currency principal amount of a Note, determined using the spot rate on the date such payment is received or such Note is disposed of, and the U.S. dollar value of the Foreign Currency principal amount of such Note, determined using the spot rate on the date the U.S. Holder acquired such Note. Such Foreign Currency gain or loss will be recognised only to the extent of the total gain or loss realised by the U.S. Holder on the sale, exchange or retirement of such Note.

Payment of Interest or Principal in Dollars

If a U.S. Holder receives such payment in U.S. dollars, the receipt of payment should be treated as though payment were made in the Foreign Currency and such Foreign Currency immediately exchanged for U.S. dollars. With respect to the deemed payment in Foreign Currency, the rules described above should apply. With respect to the deemed exchange of Foreign Currency for U.S. dollars, additional currency exchange gain or loss would be realised to reflect the difference between (i) the U.S. dollar value of the Foreign Currency at the spot rate in effect on the payment date, and (ii) the actual amount of U.S. dollars received.

Backup Withholding and Information Reporting

U.S. Holders

In general, information reporting and ‘backup withholding’ may be required with respect to principal and interest payments, and proceeds from certain sales of an obligation prior to maturity, made within the United States and the accrual of OID to a non-corporate U.S. Holder if such holder fails to (i) furnish a taxpayer identification number, (ii) certify that such holder is not subject to backup withholding or (iii) otherwise comply with applicable requirements of the backup withholding rules.

Non U.S. Holders

Information reporting and backup withholding generally will not apply to payments made to a Non-U.S. Holder made outside the United States unless the Issuer or the relevant paying agent has reason to know that such holder is a United States person. Principal and interest on a Note paid by the U.S. office of a custodian, nominee or agent of the beneficial owner, or the payment by the U.S. office of a broker of the proceeds of a sale or exchange of a Note will be subject to backup withholding and information reporting unless the beneficial owner complies with the certification procedures for non-United States persons, or otherwise establishes an exemption from information reporting.

If interest payments are collected outside of the United States by a foreign office of a custodian, nominee or other agent on behalf of a beneficial owner of a Note, backup withholding or information reporting by such custodian, nominee or other agent generally will not be required with respect to interest payments made to such owner. However, if such custodian, nominee or other agent is a United States person or a U.S. controlled person (as herein defined), information reporting and, in certain cases, backup withholding will be required with respect to interest payments made to such owner unless such custodian, nominee or other agent has documentary evidence in its records that such owner is not a United States person and does not have reason to know that such evidence is false, or the beneficial owner otherwise establishes an exemption from information reporting and backup withholding.

Payment of the proceeds on the retirement or sale of a Note outside the United States or to or through a foreign office of a broker generally will not be subject to information reporting and backup withholding. However, if such broker is a United States person or a U.S. controlled person information reporting and, in certain cases, backup withholding will apply to such payment unless, in general, such broker has documentary evidence in its records that the owner is not a United States person and does not have reason to know that such evidence is false or the beneficial owner otherwise establishes an exemption from such reporting.

For purposes of the above, ‘**U.S. controlled person**’ means: (i) a controlled foreign corporation for U.S. Federal income tax purposes; (ii) a foreign person 50 per cent. or more of whose gross income for the three year period ending with the close of its taxable year preceding the year of payment is effectively connected with a U.S. trade or business; or (iii) a foreign partnership if, at any time during its tax years, one or more of its partners are U.S. persons who in the aggregate hold more than 50 per cent. of the income or capital interest of the partnership or if, at any time during its taxable year, it is engaged in the conduct of a trade or business within the United States.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have in an Amended and Restated Programme Agreement dated April 9, 2010 (the '**Programme Agreement**'), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under '*Form of the Notes*' and '*Terms and Conditions of the Notes*' above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection herewith.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions with a view to supporting the market price of the relevant Notes during and after the offering of the Tranche at a level higher than that which might otherwise prevail. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may support the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to support the market price of the Notes at a level higher than that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof.

To the extent that the provisions of Directive 2003/6/EC of the European Parliament and of the Council (the '**Market Abuse Directive**') are required to be observed, in connection with the issue of any Tranche of Notes, the Dealer or Dealers named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes (provided that, in the case of any Tranche of Notes to be listed or admitted to trading on Euronext Amsterdam or another regulated market, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any such stabilisation action may begin on or after the date on which adequate public disclosure of the final terms (in the case of Notes convertible or exchangeable into shares or into other securities equivalent to shares) or terms (in all other cases) of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

To the extent that the provisions of the Market Abuse Directive are not required to be observed in connection with the issue of any Tranche of Notes, then in connection with the issue and distribution of any Tranche of Notes, the Dealer or Dealers named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there may be no obligation on the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all relevant laws and regulations. If so required by applicable law or regulation, stabilising will in any event be brought to an end within 30 days after the Closing Date applicable to such Notes.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (b) it is an Institutional Accredited Investor which has delivered an IAI Investment Letter or (c) it is outside the United States and is not a U.S. person;
- (ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (iii) that, unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (a) to the Issuer or any affiliate thereof, (b) to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws;
- (iv) that it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;
- (v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes, that Notes offered to Institutional Accredited Investors will be in the form of Definitive IAI Registered Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (vi) that the Notes in registered form, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

‘THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE ‘SECURITIES ACT’), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A ‘QUALIFIED INSTITUTIONAL BUYER’ (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING (OR HOLDING) THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS

THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

(vii) that the Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer;

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).’;

(viii) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (a) in compliance with Rule 903 or 904 under the Securities Act or (b) to a QIB in compliance with Rule 144A and in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

‘THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE ‘SECURITIES ACT’), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.’; and

(ix) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole

investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Institutional Accredited Investors who purchase Registered Notes in definitive form offered and sold in the United States in private transactions that are exempt from registration under the Securities Act are required to execute and deliver to the Registrar an IAI Investment Letter. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Notes will be issued in definitive registered form, see '*Form of the Notes*'.

The IAI Investment Letter will state, among other things, the following:

- (i) that the Institutional Accredited Investor has received a copy of the Prospectus and such other information as it deems necessary in order to make its investment decision;
- (ii) that the Institutional Accredited Investor understands that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. state securities law and that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Prospectus and the Notes (including those set out above, and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with, such restrictions and conditions and the Securities Act;
- (iii) that the Institutional Accredited Investor will be required to furnish certain information (including a IAI Letter from any purchaser who is an Institutional Accredited Investor) as the Issuer may reasonably require to confirm that the proposed sale complies with the applicable restrictions
- (iv) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Notes;
- (v) that the Institutional Accredited Investor will be required to furnish certain information (including a IAI Letter from any purchaser who is an Institutional Accredited Investor) as the Issuer may reasonably require to confirm that the proposed sale complies with the applicable restrictions;
- (vi) that the Institutional Accredited Investor is an 'Accredited Investor' within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts' investment for an indefinite period of time;
- (vii) that the Institutional Accredited Investor is acquiring the Notes purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which it exercises sole investment discretion and not with a view to any distribution of the Notes, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control; and
- (viii) that, in the event that the Institutional Accredited Investor purchases Notes, it will acquire Notes having a minimum purchase price of at least U.S.\$500,000 (or the approximate equivalent in another Specified Currency).

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$100,000 (or its foreign currency equivalent) principal amount or, in the case of sales to Institutional Accredited Investors, U.S.\$500,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$100,000 (or its foreign

currency equivalent) or, in the case of sales to Institutional Accredited Investors, U.S.\$500,000 (or its foreign currency equivalent) principal amount of Registered Notes.

United States

The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (**'Regulation S Notes'**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$100,000 (or the approximate equivalent thereof in any other currency). To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer has agreed to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

Each issue of Index Linked Notes and Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree, as indicated in the applicable Final Terms.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **'Relevant Member State'**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and

including the date on which the Prospectus Directive is implemented in that Relevant Member State (the ‘**Relevant Implementation Date**’) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a ‘**Non-exempt Offer**’), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an ‘**offer of Notes to the public**’ in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression ‘**Prospectus Directive**’ means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Netherlands

Bearer Zero Coupon Notes and other Notes which qualify as savings certificates as defined in the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) may only be transferred or accepted through the mediation of either the Issuer or a Member of Euronext Amsterdam N.V. with due observance of the Savings Certificates Act and its implementing regulations (including registration requirements), provided that no mediation is required in respect of (i) the initial issue of those Notes to the first holders thereof, (ii) any transfer and delivery by individuals who do not act in the conduct of a profession or trade, and (iii) the issue and trading of those Notes, if they are physically issued outside The Netherlands and are not distributed in The Netherlands in the course of primary trading or immediately thereafter.

Each Dealer has represented and agreed that any Notes with a maturity of less than 12 months and a denomination of less than EUR 50,000 will only be offered in or outside The Netherlands to professional market parties as defined in the Financial Supervision Act (*Wet op het financieel toezicht*) and the decrees issued pursuant thereto.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No.25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any Dealer shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with any other additional restrictions set out in the applicable Final Terms.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the U.S. secondary market generally are required to settle within three business days ("T+3"), unless the parties to any such trade expressly agree otherwise. Accordingly, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers who wish to trade Registered Notes in the United States between the date of pricing and the date that is three business days prior to the relevant Issue Date will be required, by virtue of the fact that such Notes initially will settle beyond T+3, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers of Notes who wish to trade Notes between the date of pricing and the date that is three business days prior to the relevant Issue Date should consult their own adviser.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes under the Programme have been duly authorised by a resolution of the Board of Management of the Issuer dated August 24, 1998. This resolution was lawfully approved by the Supervisory Board on September 1, 1998. An increase of the maximum aggregate nominal amount of the Programme from U.S.\$5,000,000,000 to U.S.\$10,000,000,000 was duly authorised by a resolution of the Board of Management of the Issuer dated June 19, 2000. The resolution was lawfully approved by the Supervisory Board on June 26, 2000.

A further increase of the maximum aggregate nominal amount of the Programme from U.S.\$10,000,000,000 to €10,000,000,000 was duly authorised by a resolution of the Board of Management of the Issuer dated March 1, 2007. The resolution was lawfully approved by the Supervisory Board on April 3, 2007.

In 2008, the maximum aggregate nominal amount of the Programme was increased from €10,000,000,000 to an unlimited amount. This increase was duly authorised by a resolution of the Board of Management of the Issuer dated March 20, 2008 and that resolution was lawfully approved by the Supervisory Board on March 27, 2008.

The renewal of the Programme and the issue of the Notes have been duly authorised by a resolution of the Board of Management of the Issuer dated April 1, 2010. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of The Netherlands have been given for the issue of Notes and for the Issuer to undertake and perform its obligations under the Programme Agreement, the Agency Agreement and the Notes.

Listing and admission to trading

Application has been made to Euronext Amsterdam for Notes issued under the Programme and up to the expiry of 12 months from the date of this Prospectus to be admitted to trading on Euronext Amsterdam.

Documents Available

So long as Notes are capable of being issued under the Programme for the period of 12 months following the date of this Prospectus, copies of the following documents will, when published, be available free of charge in English from the registered office of the Issuer and from the specified offices of the Principal Paying Agent:

- (i) an English translation of the most recent Articles of Association of the Issuer;
- (ii) the annual reports of the Issuer for the years ended 2008 and 2009 (containing the audited financial statements of the Issuer, which include the consolidated financial statements), in each case together with the audit reports prepared in connection therewith;
- (iii) the Programme Agreement and the Agency Agreement (which contains the forms of the global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons);
- (iv) a copy of this Prospectus;
- (v) each set of Final Terms in respect of Notes which are listed or admitted to trading on any market.

Clearing and Settlement Systems

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg and the Securities Clearing Corporation of Euronext Amsterdam. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear, Clearstream, Luxembourg and the Securities Clearing Corporation of Euronext Amsterdam, and any other relevant security code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer or the Issuer and its subsidiaries, taken as a whole, and there has been no material adverse change in the financial position or prospects of the Issuer, or the Issuer and its subsidiaries taken as a whole, since December 31, 2009.

Litigation

There are no, nor has there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the twelve months preceding the date of this document which may have or have had in such period a significant effect on the financial position or profitability of the Issuer or the Issuer and its subsidiaries taken as a whole. See '*Description of the Company – Legal and Arbitration Proceedings*' for a description of the main legal proceedings pending which concern the Issuer.

Auditors

The auditors of the Issuer are PricewaterhouseCoopers Accountants N.V. ('PwC'). The relevant auditors who have signed the opinions in respect of the Issuer are members of The Netherlands Institute for Registeraccountants ('NIVRA'). PwC have audited the financial statements of the Issuer, prepared in accordance with IFRS for the financial years ended December 31, 2009 and December 31, 2008 and issued reports without qualification for each of these years. The auditors of the Issuer have no material interest in the Issuer. The business address of PwC is P.O. Box 90351, 1006 BJ Amsterdam, The Netherlands.

The reports of the auditors of the Issuer are included or incorporated in the form and context in which they are included or incorporated, with the consent of the auditors who have authorised the contents of that part of this Prospectus.

Post-issuance information

Save as set out in the Final Terms, the Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

Commercial Register

The Issuer is registered in the Commercial Register of Haaglanden under No. 02045200.

Issuer's Website

The Issuer's website address is www.kpn.com. Information on the Issuer's website does not form part of this Prospectus and may not be relied upon in connection with any decision to invest in any Notes.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

GLOSSARY OF TERMS

ADR

American Depository Receipt

ADS

American Depository Share

ADSL (Asymmetric Digital Subscriber Line)

With ADSL, transmissions from provider to user take place at a higher speed than from user to provider. ADSL allows high-speed digital communication, including video signals, across an ordinary twisted-pair copper phone line. An ADSL modem is required.

All-IP

IP is a technology based on the Internet Protocol. ‘All-IP’ refers to the transformation of KPN to an ICT-Multimedia organization which offers its customers all needs for communication. The new organization will be fully based on IP-service using a new fibre-network.

AT

Agentschap Telecom

ATM (Asynchronous Transfer Mode)

ATM is a transfer mode in which the information is organized into cells. It is asynchronous in the sense that the recurrence of cells containing information from an individual user is not necessarily periodic.

Backbone

Part of network infrastructure used for transmission of data.

BiPT (Belgisch instituut voor Postdiensten en Telecommunicatie)

The Belgian Institute for Postal Services and Telecommunications is active as the telecommunications regulator in Belgium.

Broadband

Broadband refers to telecommunication that provides multiple channels of data over a single communications medium, typically using some form of frequency or wave division multiplexing.

Bundesnetzagentur (BNetzA, former RegTP)

The Federal Network Agency is active as the telecommunications regulator in Germany.

Carrier Select

Method to opt for a different operator by entering an access code.

Churn

The number of mobile customers no longer connected to a mobile operator’s network divided by the operator’s customer base.

CityRing

Fiber optic access network for data and Internet traffic in and across several Dutch cities.

Customer base

The customer figures of mobile network operators of KPN consist of the number of registered SIM cards – excluding dual cards but including data-only PC connections and machine-based SIM cards – at the end of each reporting period. The customer base also comprises inactive prepaid users, who have had neither

incoming nor outgoing traffic during a three-month period, but have not yet met the disconnection criteria (generally 12 months of inactivity).

DCS (Digital Cellular System)

Mobile telephone network based on the GSM standard.

DSL (Digital Subscriber Line)

DSL is a technology for bringing high-bandwidth information to homes and small businesses over ordinary copper PSTN lines. The widely used term xDSL refers to different variations of DSL, such as ADSL, HDSL, VDSL and SDSL.

DVB-T (Digital Video Broadcasting – Terrestrial)

DVB-T constitutes a transparent transmission channel, via which all types of digital signal can be broadcast. In addition to digitalized video and audio data, multimedia and computer data can be broadcast as well.

EDGE (Enhanced Data rates for GSM Evolution)

Enhanced data rates for GSM evolution. EDGE is a behind-the-scenes technology, pushing GPRS download speeds to above 100 kbps.

E-VPN (Ethernet Virtual Private Network)

Connects two or more offices using IP-VPN.

EuroRing

Fiber optic network for data and Internet traffic, running through several European cities.

Fiber-to-the-Curb (FttC)

FttC is a fiber connection to the street and last part of the connection up to the consumers' location is a copper cable.

Fiber-to-the-Home (FttH)

FttH is a fiber connection to the consumers' location.

Fiber-to-the-Office (FttO)

FttO is fiber connection for business customers to the customers' office.

GPRS (General Packet Radio Service)

Particularly suited for voice, text and images. GPRS is an application that enables data packet switching via the GSM network as well as via the existing voice communication. GPRS will complement the existing CSD (Circuit Switched Data) of the GSM system.

GPRS is based on the Global System for Mobile communications.

Gross churn ratio

Gross churn ratio is defined as the number of end-user relations terminated as a percentage of the average subscriber base. The ratio includes postpaid customers discontinuing the usage of our services due to involuntary churn (e.g. disconnections due to non-payment) and voluntary churn (e.g. customers switching to other operators) as well as prepaid customers whose call credits were not recharged in the past 13 months.

GSM (Global System for Mobile communications)

GSM is a second generation, digital mobile telephone system that is widely used in Europe and other parts of the world to send and receive voice and data.

HSDPA (High-Speed Downlink Packet Access)

HSDPA is a new mobile telephony protocol that, as an evolution of UMTS, is designed to increase the available data rate by a factor 5 or more.

ICT

Information and Communication Technology.

IP-VPN (Internet Protocol – Virtual Private Network)

Offers a secured and private network using IP-based infrastructure.

ISDN (Integrated Services Digital Network)

A worldwide digital communications network evolving from existing telephone services. A standard ISDN connection consists of three channels, i.e. two B channels to carry data and voice at a speed of 64 Kbps and one D channel to carry control information at a speed of 16 Kbps.

ISP (Internet Service Provider)

A company that provides individuals and companies access to the Internet. Therefore, ISP maintains one or more connection points to the Internet for ISP subscribers. An ISP itself can be a subcontractor of an ISP that is connected with an Internet backbone.

Local Loop

The system, being a wired connection from a telephone company's central office in a locality to its customers' telephones at homes and businesses, was originally designed for voice transmission only using analogue transmission technology on a single voice channel. Today, a computer modem converts analogue signals and digital signals. With ISDN or DSL, Local Loop can carry digital signals directly and at a much higher bandwidth than for voice only.

Market share

Market share is the percentage or proportion of the total available market that is being serviced by KPN. These figures are based on externally available market data, which may not be completely accurate.

MDF (Main Distribution Frame)

Allows other telecommunications companies to access the local network, enabling them to connect with their customers through our main distribution frame.

MTA tariff (Mobile Terminating Access tariff)

The tariff, charged by mobile operators for the termination of incoming telephone traffic (originating from either a fixed or a mobile network) on their network.

MVNO (Mobile Virtual Network Operator)

A mobile operator that does not have its own spectrum, nor its own network infrastructure. Instead, MVNOs have business arrangements with traditional mobile operators to buy minutes of use to sell to their own customers.

NMa (*Nederlandse Mededingingsautoriteit*)

The Dutch Anti-trust Authority is the Dutch authority responsible for monitoring compliance with anti-trust rules.

OPTA (*Onafhankelijke Post en Telecommunicatie Autoriteit*)

The Independent Post and Telecommunications Authority operates as the telecommunications regulator in the Netherlands.

PSTN (Public Switched Telephone Network)

Traditional telephone system that runs through copper cables (voice up to 64 Kbps, data up to 56 Kbps).

Service revenues

Service revenues are defined as the aggregate of connection fees, monthly subscription fees and traffic fees.

SIM card (Subscriber Identity Module card)

A chip card inserted into a mobile phone, which contains information such as telephone numbers and memory for storing a directory.

SMS (Short Message Service)

SMS is a service for sending messages of up to 160 characters to mobile phones that use GSM communications.

SoHo/SME

SoHo refers to Small Office/Home Office companies. SME refers to Small and Medium Enterprises.

UMTS (Universal Mobile Telecommunications System)

One of the major third generation mobile communications systems being developed. UMTS is suited to deliver voice, text, music and animated images. Data can be sent via UMTS at approximately 6 times the speed of ISDN.

VPN (Virtual Private Network)

A virtual network constructed from logic connections that are separated from other users.

VoIP (Voice over IP)

Voice traffic is transported over an IP-based data network. It enables new ways of communicating, such as combinations of telephony, messaging and videoconferencing.

WLR (Wholesale Line Rental)

This system enables telecommunications providers to invoice customers for line rental and phone charges on the same bill, as opposed to having to pay for calls and line rental separately. With WLR, one can rationalize his organization's invoicing with one bill for line rental and call charges.

REGISTERED OFFICE OF THE ISSUER

Koninklijke KPN N.V.

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PRINCIPAL PAYING AGENT

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